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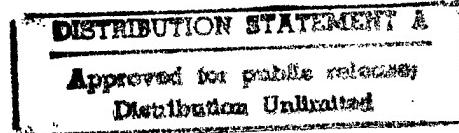
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China Report

RED FLAG

No. 7, 1 April 1982



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9 June 1982

CHINA REPORT

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Translation of the semimonthly theoretical journal of the Central Committee of the Chinese Communist Party published in Beijing.

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SEVERAL QUESTIONS ON CURRENT ECONOMIC WORK

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 2-10

[Speech by Zhao Ziyang at the national industrial and communications work conference on 4 March 1982]

[Text] The current national conference of industry and communications has discussed and studied measures for such issues as improving the economic results and doing a good job in this year's industrial production, communications and transport. Experiences in this regard have also been exchanged. According to everybody's view, the meeting is a successful one as it is held at an early date and it has a clear and definite guiding thought and a prominent central theme. Everybody maintains that this meeting will give a great impetus to this year's industrial and communications work. Now I would like to talk about the following questions:

I. On the Question of Raising Economic Results

On the basis of last year's remarkable achievements, our country has made further progress in industrial production since the beginning of this year. Judging from the results of January and February, the trend in production is good, and it is completely possible to fulfill this year's target of ensuring a 4-percent increase and striving for a 5-percent increase in total industrial output over last year. What we are afraid of this year is not about the problem of growth rate but about the failure to pay attention to economic results. It has been reported that there are still many cases of raising the quotas of output value at each level. While presenting the target of ensuring a 4-percent increase and striving for a 5-percent increase, the central authorities have already taken into consideration the speed of growth planned by various provinces and have incorporated this factor in the state's unified plan. However, certain localities and departments, while handing down the quotas, have raised the quotas at each level regardless of possibilities. Everybody wants to achieve a greater output value and speed up the growth. This is beyond reproach. During the period of readjustment, our country's national economic development must maintain a steady speed and we must not think that the slower the speed, the better. The issue is: We must unify speed with results. We must strive to attain the goal of having good results as well as a rapid increase in output value. It is certainly a good thing if such speed can be further accelerated; but if we only pursue output

value and pay no attention to results, such a "speed" will do us more harm than good. Rather we should work in a down-to-earth manner so that our work will not be hindered by our seeking false reputation. The main problem now is not negligence of output value, but negligence of results. Certain localities and units have made much greater efforts to increase output value than to raise economic results, or they have only verbally claimed to raise economic results but have taken no practical and effective measures to attain the goal. The State Council maintains that it is necessary to emphasize correcting the guiding thought in industrial production. This is to say that we must stress economic results and a solid, not inflated, speed. This issue of having a correct guiding thought applies not only in industrial production, but also in capital construction, circulation and other fields of the national economy.

For a long period, we ignored benefits in blind pursuit of increased output in industrial production and did a great many foolish things. In the years after 1958 and during the "Great Cultural Revolution," the output figures were considerably inflated and waste was quite serious. The lessons in this respect are very profound. This problem continued after the smashing of the "gang of four." Although last year the figures were less inflated than in the past, many localities reported sharp increases in output values during the fourth quarter. This also caused some problems. Various provinces should figure out the extent of exaggeration in their growth rates in order to be sober-minded. Blind pursuit of increased output will necessarily result in the stockpiling of large quantities of goods. According to the data of the State Statistical Bureau, 58 major products were excessively stocked by commercial departments at the end of 1981. Output increase of certain products may be advantageous from the view of the part, but the result may be completely opposite if seen from the whole. For example, in east and northeast China where energy was already in short supply, some localities greatly overproduced for export ferroalloy and other products that consume large amounts of energy. This forced the east and northeast China power systems to generate more electricity than their capacity, or "eat their corn in the blade," as the saying goes, in order to meet the power and energy requirements. Such practices, if continued, will not only aggravate the dislocation but will also result in the recurrence of the past phenomena when "industry reported good news, commerce reported bad news, warehouses became overstocked and the financial revenue was zero." In the end, the banks were asked to issue notes to cover the deficits and the state and people suffered from it. If it was inevitable for us to do some foolish things in the past because of our lack of experience, we should have learned from them and become wiser. We must not repeat those foolish things of the past. Comrade Xiaoping has pointed out that to pay attention to economic results is an extremely important policy in all work. We should tap our potential and quicken our pace in raising the economic results. Last year at the Fourth Session of the Fifth NPC, the State Council put forth 10 principles for economic construction. The key point of these principles is to raise the economic results. Now that the NPC has approved these principles, we must fulfill them by our actions; they must not remain just words. This year we must have a major change and open up a new phase in raising economic results.

When we talk about economic results, it is first of all necessary to make clear one main point, that is, that we should spend as little living labor and as few materials as possible to produce still more products that meet society's needs. The first part of this sentence means that it is necessary to be as economical as possible and to reduce as much as possible the expenditure of living labor and materials. The second part of the sentence means that it is necessary to create more property for society, the key here being that the products must "meet the needs of society." It is not sufficient just to talk about producing more products, since that would not affect economic results. If the products are not what society needs, then the more we produce of them, the greater waste there will be. Therefore, the products we produce, including their quality, color, design and quantity, must meet the needs of society and be readily marketable. These needs are realistic and coincide with the actual level of investment and purchasing power. Society's needs are many-sided; they include the production needs and consumption needs and consist of demands in both of these two major categories. These needs change continuously with the development of production and construction and the improvement of the people's livelihood; there are different needs for different stages and each individual locality has its special needs. Whether we produce medium- and high-grade products or popular goods of dependable quality, we should always meet the needs of society. Only when the products meet the needs of society can the labor expended for these products win society's approval and can we have valuable and useful products instead of having wasted labor and useless articles. Our plans should proceed from the overall situation and take into account the future and the past; they should reflect as accurately as possible society's demands and meet the needs in the development of society. Only thus can we enable the national economy to develop in coordination with plans and in a proportional manner. If the products do not meet society's needs and are not readily marketable, there can be no proportionate and coordinated development. In our economic work in the past, what we neglected was exactly this fundamental point; consequently many problems arose. Producing more products that meet the needs of society with the expenditure of as little living labor and as few materials as possible is precisely what basic socialist economic law demands, and what the law of developing the national economy according to plans and in a proportional manner calls for. A socialist country should study the needs of society well and continually satisfy the needs of society; this is the aim we communists strive for. This guiding ideology must be firmly established. In handling economic work, the whole party should concentrate its efforts on saving as much living labor and as many materials as possible and on meeting the needs of society. It should make efforts to find new ways of raising economic results.

The question of raising economic results involves various aspects and is a considerably difficult question. As to why it is not easy to succeed in meeting the needs of society, there are two main reasons: One is limited understanding. Society's needs cannot be seen clearly at once, and it is especially difficult to see them clearly beforehand. It is usually when commodities go out of stock in the markets that their shortages are noticed, and it is usually when the warehouses are filled with stockpiled commodities that their excessive quantities are discovered. This demands timely

understanding of the needs of society, understanding of market changes and trends, and improvement and enhancement of the level of planning work. The other reason concerns the question of interest relations. We should ascribe definite interests to enterprises and recognize and take care of the definite interests of localities. Failing to recognize such interests will result in eating "in the same canteen as everyone else," in which situation anyone can become irresponsible. When definite interests are ascribed to them, it will be easy for departments, localities and enterprises to determine their economic activities according to their interests. Some of the policy decisions of departments, localities and enterprises meet the needs of society, but others run counter to these needs. Although some products may not meet the needs of society, their production is carried on as usual; the plants share profits as usual; the localities receive a greater percentage of the profits and the commercial and supplies departments do not have to worry about overstocking of these products in the warehouses after their purchases because in the end they are completely taken care of by state finance. Consequently, falsehoods about output value continue protractedly without ever being resolved. Therefore, fundamentally, besides the demand that enterprises improve their business management and raise their scientific and technological level, raising economic results involves the questions of economic systems and economic structures and depends on the readjustment of economic structures and the reform of economic systems; there is no other way out. However, we cannot just wait and hold off our actions until the economic systems have been reformed and the economic structures have been readjusted. To solve this problem under the present situation in which system, structures and prices are all irrational, it is necessary to bring into full play the role of the leadership, namely, by strengthening guidance in planning and administrative intervention and strengthening supervision and inspection. An important task of the planning and economic commissions at various levels is to find out the extent of stockpiling, make a concrete analysis and seriously deal with it. If the products are needed by society but are stockpiled due to problems in the circulation of commodities, efforts should be made to actively strengthen marketing work and especially to open up rural markets or, in some cases, international markets. If the products are clearly not needed by society and are in the category of impractical goods from the view of the whole, administrative and economic measures should be applied. In such cases, administrative intervention should be firmly made without any fear of giving offense. If certain products are indeed over-produced, their production should be restricted. If certain products are temporarily in short supply, there is no need for us to rush headlong into producing them all at the same time. In stressing economic benefits, we should not only keep sight of the immediate benefits and the benefits to the part, but more important, we should not lose sight of the long-term benefits and the benefits to the whole. To make products meet society's needs--in addition to readjusting plans in a timely manner in light of market changes and intervening administratively and applying economic measures--it is necessary to strengthen market forecasting and improve planning work. At the same time, it is necessary to formulate and publish the economic and technical criteria for products and the criteria for factory construction as quickly as possible and strictly enforce this criteria in order to stop blind factory construction and blind production.

Bringing economic work to the path of raising economic results is the key to achieving a fundamental improvement of the financial and economic situation. We should spare no efforts to produce results in this regard. This is a new task for the vast number of cadres and workers on the economic front. It is also a new test for us all.

In the current industrial and communications work, the people's concern, as reflected in their reports, is concentrated mainly on energy and transportation issues. I will make three points: First, the coal, railway and communications ministries should make further efforts in carrying out the production, allocation and shipment of coal. Coal production was not bad in the first 2 months of this year and coal transportation was also good. But the implementation of the allocation plan was rather poor. Earnest measures should be taken to change this situation. Second, all localities should arrange their production in light of the energy supply situation. They should balance their industrial growth rates with the local energy supply; otherwise their goals will fall through. There are at present some localities that set very high targets for themselves and then ask the state to allocate more coal. This cannot be done. Third, energy supply cannot be expected to increase at present. The primary way out is to economize. It is necessary to save energy by every possible means. The energy shortage will not be resolved if we do not work to economize.

II. On the Question of Adhering to the Principle of Giving Highest Priority to the Planned Economy and Taking the Whole Country and the Overall Situation Into Account

Comrade Chen Yun recently made a series of important instructions on economic work. He once again stressed: Our country must adhere to the principle of giving highest priority to the planned economy with market force playing a subsidiary role. In national construction, the whole country and the overall situation must be taken into account. The fundamental policy that "first we must eat, second we must construct" must be implemented. He also pointed out that the first priority task of the special economic zones is to seriously sum up experiences. These instructions all concern the major questions of principles and policies in economic construction and were put forward in light of the questions existing in our present economic life. They are of great immediate importance. They are in keeping with our economic policy of the recent years that calls for opening up our country externally and enlivening our economy internally.

Since the 3d Plenary Session of the 11th CCP Central Committee, under the unified leadership of the state and the guidance of state planning, we have enforced the policy of opening up our country externally and enlivening our economy internally. Our orientation is correct and our achievements are the main aspect. Without these reforms, we would not have the good situation we have today. This we must first affirm. However, in implementing the policy of opening up our country externally and enlivening the economy internally, we must be sober-minded and adhere to the aforementioned several principles put forward by Comrade Chen Yun, which are also the fundamental principles and policies our party has upheld for years. They must not be forsaken or

be weakened. At present, while keeping sight of our achievements in opening up our country and enlivening our economy we must also be soberly aware that our opening up and enlivening will inevitably bring a number of problems. In this regard, we should have the courage to use the current favorable international and domestic conditions and continue to uphold the policy of opening up our country externally and enlivening our economy internally in order to promote our economic development. We must not waver over the established correct policy. At the same time, we must adequately recognize the problems brought about by this policy. We must not turn a blind eye to them or leave them alone. Today in stressing the need for giving highest priority to the planned economy and taking the whole country and the overall situation into account, our purpose is precisely to keep us sober-minded so that we can adopt measures to prevent the emergence of problems or resolve them if they have already emerged; to correctly and soundly implement the policy of opening up our country externally and enlivening our economy internally; to strengthen the position of planned economy; and to create conditions for further reforming our economic structure.

The purpose of our open-door policy is to introduce into our country foreign advanced technology and administrative knowledge as well as capital, which is useful to us in spurring our country's socialist construction. Because of the open-door policy, certain bad influences from capitalist countries will inevitably find their way into our country. Smuggling, peddling smuggled goods, speculation, swindling, corruption and accepting bribes have become rampant in certain localities and units; the capitalist living style and decadent ideology will corrode our party; certain weak-willed cadres will succumb to "sugar-coated bullets"; and our party members' work style and the people's habits may be contaminated. Our party, on several occasions in the past, when it carried out important new policies and faced new historical turning points, raised the issue that it was necessary to guard against capitalist inroads. One example was during KMT-CCP cooperation at the initial period of the war to resist Japanese aggression. The main problem needing to be resolved in those days was to combat factionalism and closed-doorism and open a new situation for the united front. At the same time, the party Central Committee explicitly pointed out that the CCP must maintain its ideological, political and organizational independence, adhere to the stand of acting independently and, keeping the initiative in our own hands, guard against problems generating from within our party. We did a very good job at that time. We took advantage of the favorable situation and, greatly expanding our strength, created a new situation. Instead of being corroded, our party became stronger. The second example was after victory in the liberation war. After acquiring national political power, our party members entered the cities from the rural areas and faced a dazzling world of humanity with its myriad temptations. In those days, the party Central Committee and Comrade Mao Zedong quickly reminded the whole party that it was necessary to guard against the attack of "sugar-coated bullets." Later, movements against the three and five evils were carried out. In those days, our party's political, ideological and organizational situation was very sound and we withstood the test.

Now we are taking advantage of the favorable international and domestic situation and are carrying out the policy of opening our doors to foreign countries and enlivening the economy at home, and we are facing another rigorous test. This time our party is confronting a much greater and more serious influence from decadent capitalist ideology at home and abroad, particularly the influence of international capitalism, than on the previous two occasions. Moreover, after a decade of turmoil, our party's fine traditions and work style have been impaired. Therefore, during this new historical period, it is all the more necessary to quickly alert all party members to the questions of capitalist inroads. By sounding this alarm we hope we can help our party members come to their senses, heighten their spirit and strengthen their will to withstand the test.

Today, smuggling, peddling smuggled goods, speculation, swindling, corruption, accepting bribes and other crimes in the economic sphere are much more serious than during the movements to oppose the three and five evils in 1952. The inroads of such crimes on our party organizations and cadres' contingents and their pernicious influence on the entire society are quite serious. This situation, if not struggled against immediately with determination, will develop from bad to worse in certain localities and will be unstoppable in 2 or 3 years. This is a prominent expression of the inroads of capitalist ideology under the new historical conditions--conditions of externally carrying out an open-door policy and internally enlivening the economy--and our struggle against all sorts of crimes in the economic sphere, is an important part in our allout struggle against capitalist inroads. This struggle is inevitable and is a protracted one. Just as Comrade Hu Yaobang pointed out: This is an extremely vital issue, which has an important bearing on our party's survival and on our country's prosperity or decline.

We must be fully aware of the seriousness, harmful effects and danger of the various crimes in the economic sphere and raise our consciousness of waging this struggle properly. If we fail to resolutely and powerfully strike at such crimes as smuggling, peddling smuggled goods, speculation, swindling, corruption and accepting bribes, not only will our building of a material civilization be seriously undermined, the building of a spiritual civilization will simply fail. Now the activities of rebuffing economic crimes are going on simultaneously with the "courtesy month" activities and the masses have acclaimed these activities and said our country is hopeful. All units on the economic front must resolutely carry out this struggle through to the end. By no means should they act perfunctorily or superficially. Of course, when we carry out this struggle we will not resort to the method of handling legal cases and exert special efforts to deal with major cases. This struggle will be carried out along with the overall reorganization of our enterprises and the general examination of financial affairs. We must, through reorganization and examination, find the clues, strengthen investigation, and track down and seriously handle the problems so as to strike at the criminals and educate our cadres. At the same time, we must establish and improve various rules and regulations and plug loopholes so that the criminals will not be able to avail themselves of them. Doing this will spur our efforts to improve management, economic accounting and economic results.

Another conspicuous problem is the recent growth of the trend toward departmentalism, decentralism and liberalism in the economic sphere. This is another major problem which has cropped up under the new historical conditions. We have domestically implemented the policy of activating our economy, delegated some powers to the local authorities and enlarged the enterprises' decisionmaking powers for the purposes of whipping up the enthusiasm of the local authorities, the various departments and enterprises and the masses, turning human talents and land and other material resources to good account and vigorously developing China's national economy. Efforts to expand decisionmaking powers and activate the economy are also apt to foster the trend toward departmentalism, decentralism and liberalism, to weaken and depart from the state's unified plan, to interfere with and break up the unified market of socialism and to affect our efforts to take the whole country and the overall situation into consideration. Instead of surveying and dealing with problems on the basis of the overall interests of the state, some localities and units take into account the local as well as their own interests. In dealing with the higher level, they disobey the unified plans of the state and seek private gain at public expense. In dealing with the units and other localities concerned, they shift their troubles onto others and harm others to benefit themselves. In conducting foreign trade, they refuse to implement the policy of unifying as one and joining efforts to deal with foreign countries, and jostle against each other. As a result, the foreign countries reap the benefits. There are presently still many signs of people carrying out construction and production blindly in disregard of the needs in society as well as the overall and long-term interests of the state. In some localities, the tasks for state monopoly and compulsory purchase have been shirked. Economic blockade between one district and another is fairly serious. There are many examples in this respect. Ours is a unified socialist nation. We must have a unified plan and unified domestic market. We must not allow one market for one province. If this practice is permitted, its political and economic consequences to our nation will be unimaginable. Also, for example, in the field of foreign trade, there is evidence of various districts, departments and enterprises vying with each other in cutting prices and counteracting each other's efforts. This has caused considerable damage already. The result is that by counteracting each other's efforts, the local authorities and enterprises reap some small benefits while the state suffers a great deal.

In order to strengthen centralization and unification in economic work, we must adhere to the overall plan on major issues while allowing freedom on minor issues. We must advocate centralism on major issues while allowing decentralism on minor issues. We must also correctly handle the relations between the practice of taking the whole country and the overall situation into account and the practice of whipping up local enthusiasm. The state must interfere with these erroneous practices and issue orders to eliminate them. It must not allow each one to pursue his own course.

1. In foreign trade, we must adhere to the policy of unifying as one and joining our efforts in dealing with foreign countries. After expanding the powers of the local authorities and various departments in conducting foreign trade, we must resolutely adopt effective measures to eliminate the

erroneous practice of vying with each other in dealing with foreign countries and in cutting prices. In foreign trade, it is necessary to appropriately expand the powers of the local authorities. However, at the same time, we must thoroughly solve the problem of selling products of the same category abroad in a unified manner. With a main port as a center, we must form a joint administration in exporting products of the same category in order to strengthen our coordination and management. After the powers in foreign trade are expanded according to district, the nine coastal provinces and municipalities in particular must exert still greater efforts in strengthening their unity in selling the products of the same category abroad, and thoroughly prevent each of them from forming an individual system in foreign trade so as to avoid disrupting their traditional and historical relations in coordination. The departments concerned must formulate necessary measures to strengthen coordination and unity with the support of central cities and main ports.

2. The products to be transferred according to state plans, including farm and sideline products, must be transferred strictly according to such plans. No one is allowed to retain them for his own use or to utilize them as a means of cooperation with others or to sell them at a negotiated price.

3. We must resolutely correct the practice of enforcing economic blockade between one district and another. Except for those to be allotted or delivered according to state plans, all products which have met the standards set by the state and those products produced in accordance with state plans are permitted to be marketed throughout the country. The enterprises are authorized to select and purchase the products themselves. The party and government organs in various localities must not interfere with the enterprises. If they do, the enterprises have the right to resist such interference.

It is necessary to care for old base areas, the regions inhabited by minority people and remote areas. It is necessary to provide technology and equipment to help these areas turn out products suited for local production and achieve even greater economic development.

4. The commodity price and revenue system must be centralized and unified. Without the approval of the State Council, no locality, department or unit is allowed to change a tariff rate or reduce or increase taxes. Without the approval of the State Council, the price of any product within the limits of state commodity price control must not be increased or decreased.

Comrade Chen Yun said: The task of top priority in the special economic zones at present is to summarize experience. I think the question of earnestly summarizing experience not only prevails in the special economic zones or in the two provinces of Guangdong and Fujian, but also in the whole country. All these reforms aimed at activating the economy at home and those within the foreign trade system must be reviewed and summarized to help us remain sober-minded and thoroughly solve the problems which have cropped up so that the reforms within the economic system will be healthily and extensively developed. For example, we must advocate the expansion of

the enterprises' decisionmaking powers and the implementation of the economic responsibility system. However, we are indeed faced with the question of how to divide profits. We must carefully study how to take into account the interests of the state, the collective and the individuals simultaneously and to determine the share belonging to the state, to the enterprises and to the individuals as well as the most appropriate form of distribution. After the expansion of the enterprises' decisionmaking powers, we must also strengthen the management and supervision over such enterprises accordingly. To let the local authorities adequately share some powers is necessary. However, we must study how to avoid setting up economic blockades between one locality and other, and keep from following the trends of departmentalism and decentralism that may possibly prevail and how to prevent such trends from affecting the necessary practice of centralism and unification in China's economic work and to keep them from influencing the country as a whole. On the one hand, the foreign trade departments must pay attention to bringing into full play the enthusiasm of the units at all levels. On the other hand, they must also prevent themselves from competing against and undermining each other in front of foreign businessmen. In this respect, we must also earnestly sum up our experience. In short, the open-door policy in foreign trade and the policy of enlivening the economy domestically will not change, and the orientation for carrying out reforms remains firm. However, we must pay full attention to existing problems and sum up our experience and lessons. We are doing this precisely because we seek to do a still better job in enforcing reforms from now on.

The tentative plan for reform is:

1. The economic policies that have been put into practice generally will not be changed this year in order to maintain their stability and continuity. As far as the policy on economic results is concerned, the practice and level prescribed by the government last year should be generally maintained in terms of economic relationships between the state and the enterprise, and between the state and the enterprise on the one hand, and the individual on the other. However, extreme irrationalities in some individual units should be appropriately readjusted.
2. This year we should also consider what is to be done next year. By summarizing our experiences, we should put forward our views on how to complement, perfect or readjust the implemented policies and measures for next year. There appear to be three situations in this regard, one being that in which policies and measures which are effective and correct in orientation should be upheld. Another situation is that in which some policies and measures are correct in orientation but have side effects. These policies and measures should be continuously carried out if such effects can be eliminated by strengthening management. In this case, it is necessary to strengthen management in order to consolidate and improve the policies and measures. Some policies and measures are basically correct in orientation, but their side effects cannot be eliminated for a fairly long time because management cannot keep up with the situation. In this case, an appropriate readjustment should be made. The third situation is one in which

improper policies and measures should be corrected next year. No matter what reform is to be carried out, the general guideline is to combine the strengthening of centralization and unification with the activation of the economy and to bring into full play the initiative of localities, departments, enterprises and people under the guidance of state planning and the principle of taking the whole country into account.

3. It is necessary to work out as soon as possible an overall plan for reforming the economic system so that we shall have a long-term plan for reform.

III. On the Question of All-Round Consolidation and Readjustment of Enterprises

Efforts must be made to consolidate enterprises in order to achieve better economic results. Otherwise, there would be no foundation for all other work. The party Central Committee and the State Council have clearly defined the purpose and requirements of enterprise consolidation and have laid down explicit principles and policies in this regard. Now I will particularly discuss the following several points:

1. The first group of enterprises selected for consolidation this year should be big- and medium-sized key enterprises with more problems and a great potential and which urgently need to be consolidated. Many in this group should not be good enterprises; enterprises with more problems should be consolidated first. When these enterprises are consolidated well, their results will be raised quickly. Some enterprises that have a strong leading body and have done basic work well may carry out their consolidation by themselves or may be consolidated later. In this spirit, the lists of enterprises selected for consolidation in various localities should be adjusted.

2. Special attention should be paid to staffing enterprise leading bodies and reforming the leadership system. Judging from the streamlining of the State Council, the readjustment and strengthening of enterprise leading bodies can be carried out at a faster pace and they can become compact and efficient leading bodies. When the central administrative structure is streamlined, it will give a tremendous stimulus to enterprises in this regard. Enterprises have many qualified cadres and technicians in their thirties or forties who are well versed in their fields of work and who have both ability and political integrity. A number of them should be selected and promoted to positions in leading bodies so that great progress can be made in having leading bodies consist of revolutionary, well-educated, professionally competent and young cadres. In this way, it will be possible to bring about a noticeable change in this regard. To achieve this purpose, there should be an age limit in selecting and appointing managers and assistant managers of enterprises and directors and deputy directors of factories during the consolidation. Except for such exceptionally big enterprises as the Anshan Iron and Steel Company and such national corporations as the China Shipping Corporation, it is necessary to select as far as possible personnel below age 50 and no older than 55 for managers, assistant

managers, factory directors and deputy directors. Party committee secretaries and responsible persons of workers congresses may be a little older but not too old. Some comrades in enterprises who have not reached the retirement age and are still physically fit may go to the second line to serve as staff officers or advisers to do counseling work. Some comrades have suggested that personnel with an educational level equivalent to that of a college graduate and with practical experiences be selected for directors of big key enterprises. This is a good suggestion. If it is difficult for some enterprises to select personnel with the educational level equal to that of a college graduate for their directors, they should at least select persons who have the educational level of a polytechnical school graduate or those who have become qualified through self-study to be their directors. Only by properly staffing enterprise leading bodies during the consolidation will it be possible to bring about a big change in the outlook of the enterprises.

3. It is imperative to staff various units according to their fixed number of personnel and to train workers and staff members in rotation. After streamlining the administrative structure, a large number of cadres of central organs should be organized for study and training in rotation. This is a matter of strategic significance. During the enterprise consolidation, coupled with the institution of the economic responsibility system, it is necessary to be determined to get the surplus workers and staff members out for study and to persevere in doing so. Then, there will be a change in the educational level of all workers and staff members after a few years. If the surplus personnel should be allowed to remain in workshops and sections and on shifts, many malpractices will occur. This situation must be corrected. People in all localities should work hard in order to gain experiences in this regard.

4. We must strengthen leadership in a conscientious way. Party committees and governments at all levels must place the overall reorganizations of enterprises on their agenda and leading comrades themselves should take charge of this task. Economic commissions at all levels as well as all industrial and communications ministries, departments and bureaus must carry out this task in a practical way, and those teams assigned to work at selected units must carry out their assignments in earnest. The central authorities have decided that the organizational reform will not be initiated in provinces, municipalities and autonomous regions this year so that energies can be concentrated on enterprise reorganization and other tasks. All ministries under the State Council must assign someone to be especially in charge of this task and changes in the organs should not interfere with this task. All ministries concerned are requested to immediately hold meetings to study this task, work out plans and send out teams to work at selected units. The State Economic Commission is to be responsible for inspecting and supervising this task. We must carry out the task of reorganization in a down-to-earth manner for 2 or 3 years, promote all fundamental work at enterprises to meet the demands set by the central authorities, and greatly enhance their economic results so that there will emerge an entirely new look at the enterprises.

In connection with the enterprise reorganization, there is another problem, namely, readjustment of enterprises. Those industrial enterprises that turn out products not meeting social demands, that consume too much energy or that have long operated at a loss should be shut down, and have their operations suspended; they should be amalgamated or switched to the manufacture of other products and the practice of blindly setting up new industrial enterprises should be stopped. This is a positive measure taken to enhance the overall economic results of the society and to make the lineup of enterprises as well as the geographical distribution of industries become rational. Taking into consideration that enterprise reorganization has to be carried out as a major task, that cases of violations in economic fields have to be handled and that the reform of organs has to be promoted this year, we should be aware that a lot of work has to be done this year. In this connection, enterprise readjustment can be carried out only within a certain limit in 1982. Among those enterprises that have to be closed down or have their operations suspended first are metallurgical plants and chemical plants consuming much energy, machine-building plants and electronics plants turning out products of very poor quality, oil refineries achieving very poor economic results and some industrial enterprises run by communes or production brigades that contend with advanced enterprises for the supply of raw materials, fuel and power. Efforts should also be made to arrange their problems in order of importance and urgency, and to work out plans for enterprise readjustment as well as practical measures to deal with those enterprises that have to be closed down or have their operations suspended so as to be well prepared for promoting this task in a planned way next year.

At the same time, we must also pay attention to the promotion of major technological reforms at enterprises in a planned way. During the current period of economic readjustment, many machine-building plants are seriously in need of tasks to achieve while over 20 million dun of rolled steel is stocked in warehouses and the contingent of capital construction teams does not have much work to do while wages have to be paid and management expenditures have to be spent. On the other hand, plant facilities have become out of date and some of them have to be replaced with new ones. Can't we think of some way to "make a start" somewhere and activate work in various fields? We must consider the possibility of banks issuing loans to machine-building plants in the form of credit loans to sellers, of allotting rolled steel to these plants for the manufacture of new highly efficient equipment and of selling the equipment to those enterprises that need it to replace old equipment that is low in efficiency but high in energy consumption. It will not cost too much to carry out this task, for in promoting technological reforms, funds spent on equipment account for about 85 percent of the total investment under general circumstances. Some civil engineering projects have also to be completed. Since these projects will not need much funding, preparations for such projects can be made by either local units or enterprises themselves. Once this measure is taken, overstocked rolled steel will have an outlet, machine-building industry will be reactivated, the amount of waste iron and steel that can be supplied for remelting in furnaces will be increased, metallurgical industry will be given an impetus, tax revenues for the state will be increased and a new outlook will be brought about to the technology and equipment at various plants. This was

tried out at the No 2 motor works with good results last year. We must make a start in technological reform and renewal of facilities this year. In promoting the technological reform centering on energy conservation, we must, first of all, reform technology in turning out several major products, including boilers, motor vehicles, transformers, water pumps and fanning machines [feng ji 7364 2623] as well as a number of basic parts for machines. We must do a good job in promoting technological reforms at such large enterprises as the Anshan Iron and Steel Company and the Nanjing Chemical Industrial Company, acquire some experience in this concern and then popularize their experiences.

IV. On the Question of Finance

The readjustment work was carried out conscientiously in 1981 by implementing the guidelines of the central work conference held in December 1980. As a result, the financial situation in 1981 was better than expected. Revenues totaled 102.8 percent of the annual plans. There was a deficit of less than 2.7 billion yuan, the figure mentioned in the report to the Fourth Session of the Fifth National People's Congress. However, we are still confronted with considerably great difficulties in finance. As stated in the 1982 state budgets, we anticipate the expenditures to exceed revenues by 3 billion yuan this year. Therefore, while noting the excellent situation we must also anticipate latent dangers in financial work this year. If we fail to achieve a balance between financial revenues and expenditures in the main, the deficit will increase and it will lead to issuance of more currency. This will affect not only the basic stability of commodity prices at markets but also the situation of stability and unity.

The general guideline for this year is to consolidate and stabilize the economic achievements and march forward steadily on this basis. Whatever happens, we cannot lower our guard after having initially stabilized the economy and thus aggravate the latent danger again. To this end, the Central Committee and the State Council have asked for efforts to further implement the policy of readjustment, restructuring, reorganization and upgrading and to continuously maintain a basic balance of revenues and expenditures and of credit receipts and payments together with a basic stability of commodity prices. This is not only an economic question but also a political one.

Fundamentally speaking, to resolve a financial question, it is necessary to develop production in earnest, improve economic results and do a good job in increasing revenues and cutting expenditures. Besides continuously and energetically developing the production of consumer goods as planned, changing the service orientation of heavy industry and conscientiously reorganizing enterprises, efforts should be made to grasp the following well:

1. The purchase price of agricultural and sideline products should be stabilized. The financial burden has become very heavy as more money is put into circulation and many different kinds of subsidies are offered. In 1981 the state gave subsidies of 32 billion yuan for more than 30 kinds of

commodities, of which over 80 percent had something to do with the prices of agricultural and sideline products. Although agricultural and sideline product prices have increased very little in the past 2 years, the proportion of increased and negotiated prices is growing bigger and bigger and the actual purchase price for agricultural and sideline products is still rising steadily. Generally speaking, to solve this question we must have a stable policy and readjust measures that exceed the limit of policy and those that are drastically irrational. We must refer to the method used by Zhejiang and other places of fixing the basic figures for planned purchase and apportioned purchase of agricultural and sideline products by the state; places that had abandoned this method should restore it. By now, 3 years have passed for some new producing areas; next year they should think about fixing a rational purchasing task or the purchase proportion. The increased and negotiated prices for purchase exceeding the planned quota should also be readjusted and controlled.

2. The granting of bonuses should be controlled. In general they should be stabilized at last year's level within the scope of provinces, municipalities and autonomous regions this year with emphasis on doing away with egalitarianism in bonus-granting and on distribution according to work so as to make the bonuses work effectively. Indiscriminate granting of bonuses should be firmly corrected.

3. Efforts should be made to tighten financial discipline, intensify supervision and inspection and plug loopholes. At present, many enterprises have indiscriminately assigned production cost, evaded tax and rationed profits which ought to be delivered to the state. All this has reached a fairly serious degree. We must pay attention to this and solve it. The financial inspection carried out early this year which achieved good results should be continued. Problems once discovered should be dealt with expeditiously; we should not turn big problems into small ones and small problems into no problem at all.

4. Investment in capital construction must be controlled. While there is no possible major breakthrough in capital construction, an expenditure item under plan, the amount of funds raised on one's own, the funds the enterprises themselves have and the fixed capital investments made with bank loans have grown into a considerably large sum. There are many problems in this also. Various provinces, municipalities and autonomous regions should check on them. For those projects that should go on, we should study how to put the funds to good use. Another problem is that some places have set up their own investment trust companies taking away bank deposits to do construction. To summarize, the amount of money available is limited and establishing an investment trust company here would mean reducing bank deposits there. This in fact amounts to diverting a part of the credit originally being used as current capital to capital construction, thus extending the capital construction line and hampering the improvement of economic results. I now reiterate that with the exception of those investment trust companies approved by the State Council or designated departments concerned, all other investment trust companies should be turned over to the banks. The job of raising and using funds should be handled exclusively by the banks and should not be done independently without them.

In short, our entire economic situation has come out of the "bottom of the pot," but the latent danger has not yet been basically eliminated. We rather assess the problem more seriously; we should never lower our guard or become unrealistically optimistic.

V. On the Question of Intensifying Ideopolitical Work

Under the new situation, ideopolitical work should not be weakened but intensified. Over the years, our political organs have been busy launching mass movements but they still lack an integrated set of experiences in doing ideopolitical work well in the economic sphere. We should make an effort to study and summarize experience in this area. Ideopolitical work should be based on the demands of the four modernizations and integrated with economic work and with the state of the mind of workers and staff in order to have a definite object in view to truly solve problems. In discussing how to intensify ideopolitical work, this conference has introduced the Daqing oilfield's experience of strengthening the building of contingents of workers and staff and the experience of the Tianjin caustic soda plant in carrying out education on the love of the party, the motherland and socialism through studying history and Chinese modern history. All this is more vivid, more realistic and convincing. We must, through meticulous and careful ideopolitical work, make the fundamental guiding principles of taking equal consideration of the interests of the state, the collectives and individuals and of "first, the people must have sufficient food; second, socialist construction must be carried out," take root in the minds of workers and staff and in work implementation as well.

Since the 3d Plenary Session of the 11th CCP Central Committee, the party and government have made maximum efforts in improving the people's livelihood in the rural areas and cities and the great majority of the masses are satisfied. The state of mind of the people in the cities at present is stable and upward looking on the whole. It should also be noted that a small number of people in the cities are still not too satisfied and are grumbling. Among them there are also elements with ulterior motives who desire to stir up trouble. It seems that there is a necessity for choosing a suitable time this year to universally carry out a vivid education on the economic situation. We should, through this education, reckon an overall account with the urban people and let the broad masses understand under what conditions the state solved the question of the people's livelihood since the downfall of the "gang of four," especially in the past several years since the third plenary session. The account would cover the increase in commodity prices, people's income, state subsidies to the urban people, employment, in the total amount of wages and bonuses, in housing for workers and staff, in the sale of durable consumer goods, and in urban savings deposits. All accounts should be brought into the open. The country has an account book. In the 3 years from 1979 to 1981, jobs were found for 26 million jobless young people who returned to the cities and towns; housing covering 220 million square meters in floorspace was newly completed for workers, staff and the people in the cities. The state increased subsidies of the selling price of agricultural and sideline products annually to more than 20 billion yuan. The total amount of wages for workers and

staff in 1981 was 25.1 billion yuan greater than in 1978 or an increase of 44 percent; the average annual wages of workers and staff increased from 614 yuan in 1978 to 772 yuan in 1981 or an increase of 25.7 percent and so forth. Every city, every enterprise and every unit has such an account book and we should speak up with facts and figures. We must also make clear the existing problems in the spirit of seeking truth from facts. For example, for some party and government cadres, personnel engaged in scientific research, teachers and workers and staff of collective enterprises, their actual income has not been raised much and has even dropped. We should let the masses voice their opinion openly so as to help us carry out education about this situation and improve our work. Judging from results of education conducted in Shanghai, Liaoning and Xuzhou, in so doing, most of the people have come to know the truth and eliminate misunderstanding; they have realized that the party and the state have indeed made utmost efforts in the interests of the people. By reckoning accounts, workers and staff of the Shanghai No 2 weaving plant who used to grumble about their livelihood problems have become even-tempered and good-humored and vigorous in work. A party branch secretary of the Ningbo municipal clothing embroidery factory made some most profound and objective remarks. She said: According to the workers, over the past several years, they have found: 1) they have more money in their pockets; 2) commodity prices have also risen; 3) they still have more money in their pocket after carefully figuring out income and expenditures; 4) the young people have higher demands. The masses of workers are very reasonable. So long as we earnestly carry out education on the economic situation, a healthy atmosphere will prevail more promisingly and there will be no room for rumors and slanders.

We should, through education on the economic situation, further lead the people to fully understand our national conditions and to foster the idea of building our country through thrift and hard work and of arduous struggle. Ours is a developing socialist country with a huge population, a weak foundation and a very burdensome construction task in all fields. Livelihood improvement can only be materialized gradually with the development of production. It is therefore wrong and unachievable to put forth impractical and excessive demands. As to livelihood problems, we should not simply compare with the developed capitalist countries, nor should we compare with those oil-rich countries or certain countries and regions which have become prosperous by relying on processing. We have to go through a protracted hard struggle in order to build our great motherland into a more prosperous and strong country and to make all our people "comparatively well-off" for a more prosperous life later. This requires us to earnestly implement the principle of "first, the people must have sufficient food; second, socialist construction must be carried out." The people's livelihood needs to be improved gradually, but there is also a problem of doing things according to one's own capability. We still have to allocate some funds, goods and materials for construction and for continuously enlarging reproduction in order to advance toward the four modernizations. This is where the fundamental interests of the people of the whole country lie. A prosperous life will never become a reality if we only strive for enjoyment of life and divide up and eat up everything instead of carrying out construction. We must, through education, make the people correctly understand and handle well the relations

between construction and livelihood and between accumulation and consumption and integrate the immediate with long-term interests.

We are deeply convinced that by striking at lawbreaking and criminal activities in the economic sphere and promoting the building of spiritual civilization together with education on the economic situation this year, the people's spirit will be greatly enhanced and the social mood will take a turn for the better.

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BE A CLEAR-HEADED, STAUNCH AND PROMISING MARXIST

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[Article by Editorial Department]

[Text] We are going through a historical stage of great changes and development, from chaos to order and from poverty to abundance. The task of the party during this stage is to lead our 1 billion people to gradually build up the country into a modernized, highly democratic and highly civilized socialist power. Faced with this new situation and new task, party members and cadres, especially high- and middle-level leading cadres, must strive to become clear-headed, staunch and promising Marxists.

In order to be staunch and promising, one must first of all be clear-headed. As a Marxist, in order to be clear-headed, the most fundamental question is to have a farsighted and comprehensive view and accurate analysis and assessment of the present situation.

In the more than 5 years since the smashing of the "gang of four," especially since the 3d Plenary Session of the 11th CCP Central Committee, our party has reestablished the Marxist ideological, political and organizational line; formulated a series of principles and policies for socialist modernization that are suited to our country's national conditions; adopted many effective measures to improve the party's work style, enforce party discipline and restore the party's fine traditions; completed the task of bringing order out of chaos in guiding ideology; and made tremendous achievements in practical work. Our party and country have thus passed through the crisis caused by the decade of disorder of the "Great Cultural Revolution" and embarked again on the road to prosperity. This is the mainstream of the present situation and is a basic fact that no one can write off. If we take a wavering attitude or have doubts in this assessment of the present situation or if we take the nonessentials of the present situation for the essentials, we will commit grave mistakes. Does this mean, however, that other than war, there are no major dangers to our party, our country and our socialist cause and that we can sit back and relax? Of course not. Dangers exist even in time of peace.

Lawbreaking criminal activities in the economic field are now much more widespread than they were during the movements against the "three antis and

the five antis" 30 years ago. Corrupted by capitalist ideas, some party members and cadres and even party organizations have degenerated. Of course, this phenomenon is only relatively more outstanding in a small number of localities and among a small number of cadres. It is only a countercurrent in the constant advancement of our party and country. If the whole party unifies its understanding and action and is united in waging an unremitting struggle, this countercurrent will certainly be overcome. However, if the whole party does not pay sufficient attention to this countercurrent and does not wage a resolute struggle against it, this countercurrent will undoubtedly exert a serious corrosive influence on the ranks of our party, undermine our social values and destroy the cause of socialist modernization. This clearly shows that other than war, there are dangers that will cause the decline of our party and country. We must have a clear-headed understanding of this important question which concerns the future and destiny of the party and country.

What do these dangers stem from? It goes without saying that we must maintain vigilance against the aggression and subversion of imperialists and social imperialists. Neither must we lower our guard against the activities of the remnants of the counterrevolutionary cliques headed by Lin Biao and Jiang Qing. But we should be even more aware that fortresses are most vulnerable to attacks from within. Our party is the vanguard of the working class. As long as the body of our party is healthy, maintains the purity of communism and is always linked with the people, no enemy forces will be able to defeat it. In this sense, the main danger lies within the party itself and in the possible moral degeneration of wavering members.

As to the party itself, the key is held by its high- and middle-level leaders, its principal leading cadres. In the article "The Role of the Chinese Communist Party in the National War" written in 1938, Comrade Mao Zedong said, "So far as shouldering the main responsibility of leadership is concerned, our party's fighting capacity will be much greater and our task of defeating Japanese imperialism will be more quickly accomplished if there are 100 or 200 comrades with a grasp of Marxism-Leninism which is systematic and not fragmentary, genuine and not hollow." This passage correctly and clearly states the position and role of leading cadres with a good grasp of Marxism in the revolutionary cause. In leading a population of 1 billion people toward socialist modernization, our party now needs 10,000 or 20,000 such Marxists instead of 100 or 200. If our leading cadres at high and middle levels are clear-headed Marxists, are staunch Marxists and are promising Marxists, the party will be built better and its fighting capacity will be greatly increased. Thus, our party will be able to correct all mistakes and overcome the phenomenon of corruption.

At present, we are faced with a fierce struggle between the corrosive influence of capitalist ideas and the resistance of socialist ideas to this influence. Viewed from what has already been exposed, a relatively serious tendency of bourgeois liberalization has emerged in many areas of China's social life. Decadent capitalist ideas and ways of life have exerted a rather serious corrosive influence on the ranks of the Communist Party and are rather seriously poisoning the general mood of society. Indeed, many

party members and cadres have been roped in within a very short period. Some old cadres who were not conquered by the enemy's force of arms or the suppression of the Lin Biao and Jiang Qing counterrevolutionary cliques have been conquered by the bourgeois "sugar-coated bullets" in the past few years and have become captives of the bourgeoisie. That capitalist ideas have intruded into the militant Communist Party is a fact that brooks no neglect. Facts have clearly shown that bourgeois liberalization is not just a question of the cultural and ideological fronts but is a common question facing all fronts. On the economic front, phenomena such as smuggling, selling contraband, offering and accepting bribes, corruption, theft, speculation, swindling and appropriating large quantities of state property are not isolated or accidental occurrences. They are outstanding expressions of bourgeois liberalization under new historical conditions, that is, at a time when an open-door policy and a policy to enliven the domestic economy are being implemented. They are also an important manifestation of class struggle under socialist conditions. These facts have proved that under the new historical conditions, if we do not strengthen ideological and political work, do not establish and perfect corresponding management systems, do not adopt effective management measures and do not wage a struggle to resist the corrosive influence of capitalist ideas, we will not be able to smoothly carry out modernization. In the face of the serious corrosive influence of decadent capitalist ideas and ways of life, we must have the understanding that the present struggle against the corrosive influence of capitalist ideas and bourgeois liberalization, including the struggle to hit out at crimes in the economic field, is a protracted struggle that concerns the success or failure of China's socialist modernization and the prosperity or decline of the Communist Party and the country. The whole party must attach great importance to this struggle.

However, we must not forget historical experiences and lessons. Although the question of corrosive influence of capitalist ideas and bourgeois liberalization is rather outstanding at present, it is not after all the principal contradiction in our country. The principal contradiction in China is the contradiction between the people's growing material and cultural needs and the backward social production. This contradiction must be resolved by means of socialist modernization. The political line formulated at the 3d Plenary Session of the 11th CCP Central Committee is precisely to unite the people of all nationalities throughout the country to gradually build our country into a modernized, highly democratic and highly civilized socialist power. This is a Marxist line. It reflects the common desire and demand of the people of all nationalities throughout the country and represents the greatest interests of the masses of people. We must resolutely implement this line. The reason why we wage the struggle against the corrosive influence of capitalist ideas and bourgeois liberalization is also precisely to promote a fundamental change for the better of the party's work style, the people's practices and social order, to eliminate all interferences and obstacles in implementing the party's political line and to ensure smooth progress in our efforts to achieve socialist modernization. Therefore, if we want to be staunch Marxists, we must first firmly adhere to the line. We must not obscure the orientation of our advancement, must not shift the focus of our work and must not repeat the mistake of "taking class

struggle as the key link." For over 20 years after the socialist transformation of the private ownership of the means of production had basically been completed, we did not shift the focus of our work to socialist construction. We thus regarded class struggle as the principal contradiction and committed the mistake of magnifying class struggle, causing the country and the people to suffer a lot. We should not do such foolish things again. In his report "The Present Situation and Tasks" given on 16 January 1980, Comrade Deng Xiaoping said: "Starting from the new year of the first year of the 1980's, we must not waste even one single day. We must concentrate all our attention on building the four modernizations." "Unless a large-scale war breaks out, we must be determined to persist on doing this. Everything should center round it and it should not be interfered in any way. Even if a large-scale war breaks out, we must continue to do it or begin our efforts again after the war is over. Our whole party and all the people must set this as the high aim and lofty aspiration. We must grasp it firmly, be more 'stubborn' and not be irresolute." We must always bear these words in mind.

Some people attribute the emergence of capitalist corruption and bourgeois liberalization to the party's open-door policy and the policy to enliven the domestic economy. This is totally wrong. We must make it explicit that such policies are firm and unshakable and introduced in accordance with the needs of our socialist modernization and with the international situation. It is of great strategic significance to implement such policies because our country is a big country which has a vast population, a poor foundation to start with and a relatively backward economy. In order to change this backward situation, we must make breakthroughs and learn the skills to manage the domestic economy and develop economic relations with foreign countries. We must devise a path of socialist construction which suits actual Chinese conditions and must never again take the old road which adopted a closed-door policy toward foreign nations and rigid management of the domestic economy. These correct policies of an open-door policy and policy to enliven the domestic policy will still be enforced even after our economy is developed. We should realize that there are numerous factors accounting for notable criminal activities in the economic field in some areas. For instance, there are still remnants of the ancient society and ideological influences of the exploiting class in our country; the pernicious influence of anarchism and extreme individualism which had been instigated by the Lin Biao and Jiang Qing counterrevolutionary cliques during the 10 years of disorder is far from being eliminated; while implementing the open-door policy and the policy to enliven the domestic economy, we have not been able to keep pace with the ideological and political work and with some necessary systems and measures of management, with the result that the influence of decadent capitalist ideas and the bourgeois way of life has multiplied, and so on. These are very important reasons. How can we attribute the rampancy of illegal and criminal activities in the economic field to the implementation of the open-door policy and the policy to enliven the domestic economy? Our party has drawn a clear demarcation line regarding these policies. The criminal activities in the economic field have nothing to do with these policies. In view of our party's principles, all these evil deeds have always been considered as illegal and are impermissible under party discipline and state law. All practices under the pretexts of being "special

and flexible" which distort such policies and which are divorced from the socialist orientation, divorced from the communist stand and are contrary to party spirit and the party's principles, can only sabotage such policies. What we should do now is to sum up past experiences, carry forward the achievements obtained, overcome shortcomings and correctly and healthily implement the policies which have been formulated. We absolutely should not change the policies. Regarding this question, we must not waver in the least extent.

The revolutionary history of our country has shown that both the question of upholding the proletarian stand and maintaining the party's communist purity and the question of taking precautions against and opposing class capitulationism exist whenever we make contact with the bourgeoisie. Chen Duxiu's class capitulationism was manifested during the period of the great revolution. Wang Ming's class capitulationism was manifested in the early years of the war of resistance against Japan. In the early years since the founding of the country, it was perfectly correct and extremely necessary for us to cooperate with the national bourgeoisie. It also proved to be a complete success. However, some of our party members and cadres were hit by the "sugar-coated bullets" of the bourgeoisie despite Comrade Mao Zedong's warnings released on the eve of the liberation to the whole party against the attack of the bourgeoisie's "sugar-coated bullets." We are in a poorer situation at present compared to the situation then. Such circumstances are unavoidable in the new historical era. We must not lose our confidence in the party's policies because of the launching of the anticorruption struggle; similarly, we must not neglect, or slacken our efforts or be afraid to wholeheartedly launch the anticorruption struggle because we want to uphold and implement the party's policies. All our party members and cadres, and particularly the high- and middle-level party cadres, must have a firm proletarian stand, bear in mind the party's fundamental aim of wholeheartedly serving the people, bear in mind the party's ultimate goal of realizing the communist ideals, bear in mind the party members' vocation of maintaining the party's communist purity, and must always guide our actions with the communist ideological system during this struggle.

The present period we are in is a historical period of great significance, and also one in which there is plenty of scope for our talents. We should not be satisfied in being mediocre, decrepit and muddleheaded, but try our best to become useful and promising people. At present, the most important thing for us to do is to combine political steadfastness with scientific foresight, proceed from the higher plane of strategic ideology, shore ourselves up, be bold and resolute in our work, and try our best to create in the next few years a really new situation in various fields of our construction, including the development of our economic relations with foreign countries. In order to fulfill these targets, we must uphold the four basic principles, correctly carry out the line, guiding principles and policies of the party, go deep into the reality of life, strengthen investigations and studies, repeatedly study the new situations and solve new problems. We must master two skills: the skill of managing construction at home and that of developing our economic relations with foreign countries. We must carry out our work in two ways: developing the material civilization and improving the

spiritual civilization, while correctly understanding and handling the relationship between the two civilizations. We must carry out reform and readjustment to eliminate the irrationality and shortcomings existing in the production relations and in the superstructure, resolutely carry out the streamlining of administrative organs and reform the cadre system with revolutionary spirit. We must regard opposition to the bourgeois liberalization tendency as an important part of party building and of consolidating political power for a certain period in the future, and attach importance to it. On the other hand, we must unswervingly carry on the struggle to seriously crack down on illegal and criminal activities in the economic field. We must fix our attention on and seriously and speedily handle those severely illegal and criminal activities, such as smuggling and selling contraband, bribery, corruption and theft, speculation and swindling, appropriating state and collective properties, and so on. We must punish those cadres who engage in serious crimes, especially those who are occupying important posts, and should never hesitate in taking actions against them, and not appease or shield them. With this struggle, we not only can resolutely stop unhealthy tendencies in the economic field, but also give the vast number of party members and cadres a profound Marxist education on party character, party work style and party discipline.

If we recall our party's militant course over the last 60-odd years, we can see that our proletarian revolutionaries of the old generation headed by Comrade Mao Zedong and others never failed to put forth to the whole party the task of strengthening studies whenever the revolution arrived at a turning point. Now, as the vast number of party members and cadres are to make themselves clear-headed, staunch and promising Marxists, they have to strengthen their studies in Marxism-Leninism-Mao Zedong Thought. Some articles written by Comrade Mao Zedong during the period of the anti-Japanese war, such as "The Situation and Tasks in the Anti-Japanese War After the Fall of Shanghai and Taiyuan," "Introducing the Communist," "Preface and Postscript to Rural Surveys," and so on are especially worth being reviewed. Although all of them were aimed at the concrete circumstances of the time, and our situation today is quite different from the historical conditions then, the basic standpoint, points of view and methods embodied in these articles remain very educational to us. All of our party members and party cadres, in particular leading cadres at middle and high levels, have to study anew and solidly master Comrade Mao Zedong's theory and tactics of the dual nature of the united front which promoted unification along with struggle. Under all circumstances we must resolutely safeguard our purity as communists, and we are not allowed to lower our ideological understanding and political consciousness as communists. All communists should never be corroded by the bourgeoisie. Under the new historical conditions, we must creatively apply this magnificent thought to developing our economic relations with foreign countries, to carrying out the policy of enlivening the domestic economy and all fields of social life, so as to overcome the tendency of bourgeois liberalization, to resolutely resist and oppose the corrosion of capitalist ideas. Thus, we will be able to stand invincibly and be unremitting in our advance toward winning new victories.

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READJUST THE AGRICULTURAL SECTOR, IMPROVE ECONOMIC RESULTS

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 15-19

[Special commentary by Bai Rubing [4101 1172 0393]]

[Text] How to accelerate the development of agricultural production, improve the commodity turnover rate and improve economic results is a problem of strategic importance which should be solved in readjusting the agricultural structure of Shandong Province. Here I would like to discuss some of our methods and theories for readjusting agricultural structure.

I. Rationally Readjust the Overall Crop Pattern Under the Guidance of State Planning

To readjust the agricultural structure, it is first necessary to satisfactorily handle the proportional relations between grain on the one hand and cotton and edible oil on the other hand. Since liberation, Shandong Province's agricultural production has developed considerably. Calculated in terms of 1970 prices, the total agricultural output value increased from 3.28 billion yuan in the early days after the founding of the PRC to 11.35 billion yuan in 1978, an increase of 2.5 times. However, owing to the "leftist" influence, the agricultural structure has been irrational and the economic results of agricultural production have been very poor over a long period of time. In the 22 years between 1956 and 1978, the average per capita income from distribution of the commune members throughout the province increased by only 16.5 yuan, an average annual increase of 0.75 yuan, of which the average per capita income from distribution of one-fourth of the basic accounting units was below 40 yuan. Particularly between 1959 and 1978, the four relatively poor prefectures of Heze, Liaocheng, Dezhou and Huimin consumed 11.07 billion jin of state marketing grain, spent 628 million yuan of relief funds and owed the state 517 million yuan in loans. Thus the problem of providing adequate food and clothing to commune members has remained unsolved for long years.

In the past, one of the important reasons for the poor economic results of our province's agriculture was that the ratio and distribution for grain and industrial crops, such as cotton and peanuts, were irrational. The climate and soil of Shandong Province are relatively suitable for the growth of multifarious crops. Historically it had a tradition of growing grain,

cotton, peanuts, soybeans and flue-cured tobacco. While getting a good grip on grain production, vigorously developing such industrial crops as cotton and peanuts is not only the strong point of the province's agriculture but also the needs of the state and the people's livelihood. However, owing to the quite serious one-sidedness in the guiding ideology in our agricultural production, in agriculture, exclusive stress would be put on grain at the expense of industrial crops. Of the 40 million mu of farmland of the four prefectures in northwestern Shandong Province, 10 million mu of farmland is saline-alkali soil. The per mu yield of grain on such soil is 200 or 300 jin, the low yield being no more than 100 jin. If it is sown with cotton and things go well, every mu of such farmland will yield about 100 jin of ginned cotton and the income from it is largely equal to 300 percent of that from sowing grain crops. But, in the past, one-sided emphasis was put on the practice of "taking grain as the key link," the minimum acreage under cotton totaled only over 3.8 million mu, over 5.6 million mu less than the 1956 figure. In Jiaodong and central and southern Shandong Province there are several tens of millions of mu of sandy land which is suitable for growing peanuts. Previously, an area of 9 million mu of land was sown with peanuts. But later the minimum acreage under peanuts was reduced to over 3 million mu. As the result of the failure to bring the strong points into play, this subjective practice ended up with the production avenues becoming narrower and narrower.

Since the 3d Plenary Session of the 11th CCP Central Committee, we have implemented a series of the CCP Central Committee's principles and policies concerning agricultural matters. While enthusiastically introducing various forms of the production responsibility system, in the light of the province's actual conditions, we have readjusted overall crop pattern to ways suitable to local conditions and have achieved remarkable successes. Over the past 3 years, the average annual increase in the total agricultural output value of the province has been 7.3 percent; that in grain, 0.3 percent; that in cotton, 63.3 percent; that in peanuts, 13.9 percent; the yearly increase in the income from the diversified economy has been 22 percent; and that in the income of the commune members from collective distribution, 19 yuan. Thus the income in 1 year equals that of over 20 years. To develop industrial crops, we have adopted the following measures: 1) We have earnestly carried out the state's regulations concerning the readjustment of prices for the agricultural and sideline products and aroused the enthusiasm of the peasants for growing such industrial crops as cotton and peanuts. 2) In 1979, we began practicing "linking the purchase and marketing of grain with that of cotton," ensuring the grain ration for cotton growers, raising the standards for selling chemical fertilizers and grain as rewards to the cotton growers and encouraging the cotton-producing areas to grow more cotton. 3) In the concentrated cotton-producing areas, the principle of "ensuring cotton with grain and promoting grain with cotton" and that of "simultaneously grasping grain and cotton, with the stress on cotton" has been practiced. 4) We have summed up and spread, in real earnest, the typical experiences in effecting the double good harvest of grain and cotton and that of grain and edible oil and popularized such fine varieties as "Lumian No 1." 5) We have appropriately expanded the acreage under such industrial crops as cotton and peanuts, turned a considerable amount of saline-alkali land which is

unsuitable for growing grain crops into land sown with cotton and turned portions of hilly areas into land sown with peanuts, and the greater part of the newly reclaimed "three wastelands" (sandy land, farmland running to weeds and alkaline land) have been sown with cotton and peanuts. Over the past 3 years, the acreage under such industrial crops as cotton and peanuts has been expanded by more than 7 million mu. The strong point of the northwestern areas of Shandong Province--cotton--and the strong points of the Liaodong peninsula and the central and southern areas of the province--peanuts, flue-cured tobacco and others have been brought into fuller play. The total output of cotton in 1981 was 13.5 million dan, 10.41 million dan more than the figure in 1978 or an increase of 337 percent and that of peanuts in 1981, 27.78 million dan, 9 million dan more than the 1978 figure or an increase of 47.9 percent. The ratio of the output value of industrial crops all over the province to the total output value of the planting industry increased from 15.7 percent in 1978 to 27.6 percent in last year. The commodity turnover rate of agricultural and sideline products has increased year after year. The commodity turnover rate for grain between 1978 and 1981 increased from 13.6 percent to 14.5 percent; that for cotton, from 87.4 percent to 95 percent; that for peanuts, from 57.3 percent to 60.2 percent; and that for flue-cured tobacco, from 95.7 percent to 97 percent. At present, the needs of the province for cotton, edible oil and tobacco have been ensured and, moreover, cotton, edible oil and tobacco can still be exported to earn funds to support state construction. In the fiscal year 1980, a net amount of 180 million jin of edible oil and of 960,000 dan of flue-cured tobacco was exported, an increase of 80 percent and 27 percent over that in 1978 respectively; and 1.36 million dan of cotton was imported from other provinces in fiscal year 1979, but in fiscal year 1980, 4.95 million dan of cotton was exported and in fiscal year 1981, 7.7 million dan was expected to be exported.

After the expansion of acreage under cotton and oil-bearing crops and the reduction in acreage under grain crops, will grain output fall? This is a question which quite a few comrades worry about. The results of practice show that grain output has increased rather than dropped. Grain, cotton and edible oil have promoted one another. Along with the development of industrial crops, the income of collective, communes and individual commune members has increased by a big margin, thus providing more funds for expanding reproduction and also large amounts for purchasing cottonseed-based fertilizer, peanuts and soybeans. This has played an important role in restoring and developing soil fertility and ensuring an increase in grain production. In the past, the four prefectures in northwestern Shandong Province concentrated on grain alone and, as a result, cotton production was not promoted and grain output was both low and unstable. Over the past few years, acreage under cotton has been expanded in line with specific local conditions and, as a result, cotton output has doubled and redoubled and grain output has also increased satisfactorily. Despite a reduction of nearly 2 million mu of farmland under grain in 1981, grain output registered an increase of 1.65 billion jin and cotton output registered an increase of more than 2.7 million dan over those in 1980. The masses say: "Particular attention has been paid to both gold (grain) and silver (cotton) and life has thus become increasingly more gratifying."

However, the acreage under industrial crops must not be expanded blindly. After the prices for agricultural and sideline products were raised, the peasants vied with one another in growing more industrial crops such as cotton and peanuts. Some concentrated grain-producing areas also reduced the farmland under grain crops and expanded the farmland for growing cotton, peanuts and tobacco and thus emerged the contradiction that industrial crops and grain are vying with each other in competing for farmland. In order to solve this problem, we have paid attention to the following things:

1) Priority must be given to planned economy in agricultural production. Full play must be given to the strong points of every province and locality on the one hand, and agricultural production must subject itself to state plans and the needs of the people's livelihood on the other. We must not indiscriminately grow whatever crops promise more income. Seen from the conditions of the province, the present acreage under industrial crops constitutes 25.63 percent of the total area of cultivated land. The proportions of the acreage under grain, cotton and oil-bearing crops are already largely rational. The acreage under industrial crops must not, in general, be expanded any more on a large scale. Shandong Province has a population of more than 73 million, and the area of farmland sown to grain crops must be kept at a level of over 70 million mu, averaging 1 mu of farmland sown to grain crops per capita. Before there is a breakthrough in agricultural science and technology, without maintaining so much farmland for growing grain crops, it will be difficult to be self-sufficient in grain. 2) Assuming full responsibility for grain purchase, marketing and allocation under a contract has been practiced. In order to ensure the decisionmaking power of the units at lower levels in planting and to enable them to uphold state planning and guidance, we have clearly pointed out that, under the premise of being self-sufficient in grain, the concentrated cotton-producing areas are allowed to go all out to develop cotton production; under the condition of ensuring the fulfillment of grain purchase tasks and ensuring the grain rationing of the commune members, the concentrated grain-producing areas are allowed to appropriately develop industrial crops. Assuming full responsibility for grain purchase, marketing and allocation under contracts between the province and prefectures, between the prefectures and counties, and between the counties and communes and their subdivisions has been widely practiced. The contracts will not be changed once they are fixed. 3) It is necessary to reform the cropping system, make farming scientific and intensive, and constantly increase the yield of each unit area. Special stress should be put on doing a good job in intercropping and interplanting grain and cotton and grain and oil-bearing crops and improving the multicrop index. Last year, Wenshang County intercropped and interplanted wheat and cotton on 70,000 mu of farmland, resulting in an average per mu yield of 310 jin of wheat and 130 jin of ginned cotton. Calculated in terms of the acreage under practical cultivation, the per mu yield of wheat was equal to 1,033 jin, an increase of 470 jin compared with the output resulting from the method of single-cropping wheat; the per mu yield of ginned cotton was equal to 185 jin, 57 jin more than the output resulting from the method of single-cropping cotton. The potential for intercropping and interplanting grain, cotton and oil-bearing crops is enormous. In the future attention must be paid to promoting the intercropping and interplanting grain, cotton and oil-bearing crops.

II. Gradually Shift the Focus of Readjustment to the Overall Development of Agriculture, Forestry, Animal Husbandry, Sideline Occupations and Fishery

Grain, cotton and edible oil constitute an important part of agriculture but are far from the whole of agriculture. Only when agriculture, forestry, animal husbandry, sideline occupations and fishery are developed in an overall manner, can agricultural production be put on a foundation of ecological balance, and a benign cycle ensured and reliable conditions created for steady increases in grain, cotton and edible oil production. For a long period of time, we have not had a profound understanding of the dialectical relationships among agriculture, forestry, animal husbandry, sideline occupations and fishery, and more often than not regarded agriculture as the "principal occupation" and forestry, animal husbandry and fishery as "sideline occupations." This one-sided argument has bound us hand and foot and obstructed the development of forestry, animal husbandry and fishery.

Practice has given us an increasingly clear understanding of the fact that forestry and animal husbandry occupy an extremely important position and play a unique role in ensuring a benign cycle in agriculture. Afforestation can conserve headwaters as well as water and soil, prevent wind and fix sand, and regulate climate. Rainfall in areas covered with forest in the province is 15 to 20 percent more than that in areas without forest, and water retention in the former is 20 to 30 percent more than in the latter. After a forest net was established in 95 percent of the farmland of Yanzhou County, wind speed within the forest net was reduced on the average by 38 percent, air humidity increased by 6 percent and annual evaporation decreased by 375 mm. Developed animal husbandry can provide large quantities of organic fertilizers, ameliorate the soil, improve soil fertility, promote planting, and promote fulfillment of the target of "more livestock, more fertilizer and more grain." The high-quality barnyard manure provided annually by Rongcheng County's animal husbandry is equal to 100 million jin of compound chemical fertilizer. According to calculations, 36 percent of the nitrogen content, 56 percent of the phosphorus content and all the potassium content of the soil of this county at present are derived from applied barnyard manure.

Over the past years, we have consistently deepened our understanding of developing forestry, animal husbandry and fishery, adopted some measures and attained relatively satisfactory successes. However, last year's output value of forestry, animal husbandry and fishery amounted to only 14.4 percent of the total agricultural output value, of which the output value of forestry accounted for 1.1 percent; that of animal husbandry, 11.2 percent; and that of fishery, 2.1 percent. This shows that the province's structure of agriculture, forestry, animal husbandry and fishery is still quite irrational. This state of affairs requires that we further emancipate our minds, broaden our horizons, and effect an upswing in the production of forestry, animal husbandry and fishery as quickly as possible while paying close attention to the production of grain, cotton and edible oil.

Shandong Province has quite rich favorable natural conditions and enormous potential for developing forestry, animal husbandry and fishery. Apart from

110 million mu of cultivated land, the province has 56 million mu of barren hill land, beach wasteland and parcels of land scattered around villages, at both roadsides and along riverbanks, lands which are suitable for forestry and animal husbandry and are equal to half of the area of the existing cultivated land. The province has over 3,000 kilometers of coastline and more than 3 million mu of shallow sea and sandy soil which are available for breeding but only one-tenth of which has been utilized; it has over 4 million mu of freshwater composed of reservoirs, lakes, streams and ponds as well as river courses which are available for breeding and the greater part of which has not been utilized. The initial plans of the province in this respect is that a good foundation for the production of forestry is to be laid down within 3 years and all land suitable for forestry is to be planted with trees within 5 or 7 years, both in mountainous areas and hills as well as on plains. In the production of animal husbandry, while ensuring the steady increase in pigs, it is necessary to substantially develop plant-eating animals, such as cows, sheep, rabbits and geese. In the production of fishery, while appropriately controlling the gathering of fish and improving the quality of fish products, it is necessary to lay stress on seawater and freshwater breeding.

Judged from the conditions of the province, to speed up the development of forestry, animal husbandry and fishery, first, the leadership at various levels must raise their understanding, help the vast numbers of cadres and masses realize the important economic and social significance of grasping forestry, animal husbandry and fishery through various ways and means, put forestry, animal husbandry and fishery in the same important position as agriculture and grasp well forestry, animal husbandry and fishery as we have done with grain, cotton and edible oil. Second, the party's policies must be implemented. It is necessary to assign the barren hills, beach wasteland and all land suitable for planting trees to the production teams and peasant households under contracts as quickly as possible, and in addition assign part of the barren hills to the commune members for their sideline production. In animal husbandry, while upholding public livestock breeding, it is necessary to formulate and implement the relevant policies and vigorously encourage the peasant households to engage in livestock breeding. The main problem at present is that the level of pig breeding is decreasing. This has come about as a result of the fact that after the introduction of the production responsibility system, many communes and their subdivisions abolished some past effective regulations concerning pig breeding and, as a result, the enthusiasm of the masses was dampened. We are restoring, according to different specific conditions, the regulations concerning land for growing fodder, fodder rations, workpoints for collected manure, and the measure of 1 jin of pork for 1 jin of grain and so on, regulations which are aimed at encouraging commune members to breed more pigs. The units introducing the system of fixing output quotas for individual households and that of assigning land to each household in exchange for fixed levies are practicing the assigned purchase of pigs and have signed contracts related to this. Third, attention must be paid to the use of science. In paying close attention to the science and technology of forestry, special stress should be put on doing a good job in the breeding of fine varieties, the prevention and cure of plant diseases and the elimination of pests, and in the

popularization of the already proven scientific and technological results. Take apples for example. The per mu yield of apples in the province is 1,000 jin, with the maximum per mu yield being 2,000 or 3,000 jin and the minimum per mu yield being 400 or 500 jin. With the spread of some common techniques for increasing production, the total apple output will increase from the present 2.4 billion jin to 3 billion jin. Fourth, it is imperative to grasp management. The key to grasping management lies in widely establishing and perfecting the production responsibility system in forestry, animal husbandry and fishery, doing a proper job of business accounting, and trying hard to reduce costs and improve economic results.

III. Take the Road of Comprehensive Operations Combining Agriculture, Industry and Commerce

To modernize agriculture and help the peasants to become prosperous as soon as possible, it is necessary to step out of the narrow scope of operation where efforts are concentrated on agriculture alone without paying attention to processing and commerce, to take the road of comprehensive operations combining agriculture, industry and commerce, and to improve the commodity turnover rate for agricultural and sideline products. Most of the raw materials of light industry in cities come from the countryside, which constitutes the main market for processed commodities. Therefore, doing a good job in locally processing agricultural and sideline products (including the semiprocessing of raw materials for light industry) will lessen the pressure on transportation and eliminate stockpiling, and economize on the time and expenses needed to transport materials and to help the peasants double and even triple their income by providing other ways than solely depending on the income from supplying raw materials. It must still be realized that the so-called rational agricultural economic structure must be an economic structure under which labor power is rationally distributed and time for labor is sparingly used. Shandong Province has a population of more than 73 million, of which 66 million are peasants. Along with the universal adoption of the production responsibility system and the constant improvement in agricultural mechanization, the surplus labor in the countryside will grow and grow. By developing commune- and brigade-run enterprises and carrying out a diversified economy in a big way, we will be able to fully utilize the labor resources of the countryside. This will not only provide more commodities and boost the income of peasants, but also be of far-reaching significance to the building of small cities and towns and to the lessening of the differences between city and countryside, between industry and agriculture. The labor power poured into industry, sideline occupations and the diversified economy last year by Yantai Prefecture constituted 54.8 percent of the total agricultural labor power; the income from industry, sideline occupations and the diversified economy made up 60.3 percent of the total agricultural revenue, and the average income of every commune member from collective distribution was 206 yuan. Looking at the province as a whole, the production brigades whose average per capita distribution is above 400 to 500 yuan are exclusively, apart from the solely fishing teams and cotton-growing teams, brigades whose industrial and sideline production and diversified economy constitute a considerably large proportion of their economy.

Shandong Province has quite rich resources for engaging in the processing of agricultural and sideline products, and the commune- and brigade-run enterprises have broad prospects. Last year the province produced over 13 million dan of cotton, of which a considerable part of the cottonseed could not be shelled and extracted into oil, and oil extraction alone produced an income of over 60 million yuan. The province has an annual yield of over 3 million tons of cotton firewood, those of which were used in processing totaled only 20,000 tons, comprising no more than 1 percent. The total output of fresh and dried fruit in the province is over 3 billion jin, of which the defective and substandard fruit which should be processed annually is about 400 million jin, but at present only about 4 million jin can be processed, accounting for 1 percent. The potential for processing straw articles and wickerworks is fairly large. The annual yield of corn husks which can be used for straw weaving is 300 million jin, of which only 100 million jin has been utilized; of the more than 57 million jin of wheat stalks, only over 10 million jin has been utilized; and of the more than 90 million of reeds, only 15 million jin has been utilized. Of the 4.7 million pieces of goat skins purchased by the province, only 290,000 pieces have been processed; of the purchased 170,000 pieces of cowhide, only 60,000 pieces have been processed; and of the 23 million pieces of other furs, only 5 million pieces have been processed. It can thus be seen that there are bright prospects for the vigorous development of the processing of agricultural and sideline products. If things are done well in this respect, it will bring about enormous economic results. For instance, processing sweet potatoes into starch will increase income from this produce by 80 percent and further processing of it into vermicilli will boost income from it by another 55 percent. The province has an annual yield of about 50 billion jin of sweet potatoes, and if 5 percent of this yield is processed into vermicilli, an additional more than 200 million yuan can be obtained.

To develop the processing industry of agricultural and sideline products, it is imperative to study and find solutions to the problems of relevant policies and structures, gradually bring the industry into line with state planning, and provide it with support and assistance in materials, funds and technical force. Besides first fulfilling the needs of the processing of state enterprises, the communes and their subdivisions should be organized in a big way to process those agricultural and sideline products which are suitable for local processing. Regarding some processing of agricultural and sideline products, the practice of establishing joint operations between the state on the one hand and the communes and their subdivisions on the other is encouraged. This practice will not only be conducive to finding a solution to the problem of being insufficient in processing capacity and to improving product quality and economic results, but also to resolving the contradiction of collective and state enterprises competing with each other for raw materials and tasks. It is necessary to provide reinforced planning and guidance and to make overall plans and rational arrangements for the processing orientation and processing quotas of a locality or a unit by taking all factors into account and to guard against blindness.

With the development of agricultural production, and particularly the development of industrial crops and a diversified economy, the existing commercial

channels have more and more seriously failed to meet the needs of rural commodity circulation. At present, there exists the widespread phenomenon of "it is difficult to buy what we want to buy, and difficult to sell what we want to sell" in the rural areas. Some agricultural and sideline products are stockpiled in one place and are out of stock in another place. Not to reform the existing rural commercial structure will seriously interfere with agricultural production and the development of the entire agricultural economy. Apart from grasping well the experiment of the structural reform of supply and marketing cooperatives, to develop rural collective commerce, it is still necessary to develop brigade-run commerce in an active and orderly way, to turn the purchasing and marketing agencies of the supply and marketing cooperatives into collective commerce in which the brigade is taken as the basic accounting unit and assumes full responsibility for its own profits and losses, and to set up production and marketing service companies in charge of the commune's diversified economy and of organizing production, purchasing raw materials, promoting the sale of products, importing improved varieties from other places, directing and popularizing new technology and signing contracts on behalf of the collective and the commune members.

Readjusting the agricultural structure and improving economic results is an extensive and profound change in the rural economy. In the course of this change, we will constantly encounter some ideological obstacles, and some new conditions and new problems will crop up. This requires the party committees at various levels to provide more effective and practical leadership, to forcefully conduct ideological and political work, and to lead the peasants in persevering on the socialist road. Seen from the present situation, in carrying out ideological and political work in the rural areas, efforts should be concentrated on the following matters: It is necessary to correctly handle the relationship between the state, the collective and the individual, and earnestly give simultaneous consideration to the interests of the three parties and not concentrate on one aspect alone. It is necessary to correctly handle the relationship between state planning and guidance on the one hand and respecting the decisionmaking power of production teams and peasants on the other. Both the production teams and peasants must have "small freedoms" in planting, operation and handing over to the state or selling their products, and at the same time subject themselves to state planning and guidance. It is necessary to correctly handle the relationship between the multifarious sectors, forms and channels of rural commerce and the strengthening of market control and to enthusiastically carry out various activities of transportation and sale, so as to enliven the market on the one hand and to observe the state's policies and decrees, strictly forbid smuggling, speculation and profiteering as well as dishonest practices on the other. It is necessary to correctly handle the relationship between accumulation and consumption. Since their income has increased, apart from improving the conditions for their livelihood, the peasants are encouraged to boost accumulation which is to be used in expanding reproduction. We encourage hard work and frugality and oppose extravagance and waste. The key to doing a good job in ideological and political work in the rural areas lies in strengthening the building of the party basic organizations and political power. After the implementation of the production

responsibility system, the party and government work in some units was weakened. This is a problem which warrants close attention and urgently requires solution. It is necessary to give full play to the role of the party branch as a fighting bastion and to the exemplary vanguard role of the communists, to strengthen the functionary role of the basic political power and to guard against separating oneself from collective affairs, and to overcome weakness and laxity in leadership. So long as the work of the party basic organizations and political power is strengthened and done successfully, the readjustment of the agricultural structure and the healthy progress of all rural work will be ensured of developing on a sound basis.

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MR LI DINGMING AND THE IDEA OF BETTER TROOPS AND SIMPLER ADMINISTRATION

Beijing RED FLAG in Chinese No 7, 1 Apr 82 p 19

[Historical note by Huang Zheng [7806 1513]]

[Text] During the anti-Japanese war, our party launched a large-scale campaign for better troops and simpler administration throughout the liberated areas in accordance with the suggestion put forth by Mr Li Dingming, a patriotic personage in northern Shaanxi. In his article "Serve the People" of September 1944, Comrade Mao Zedong said: "The idea of 'better troops and simpler administration' was put forth by Mr Li Dingming, who is not a communist. He made a good suggestion which is of benefit to the people, and we have adopted it." ("Selected Works of Mao Zedong," Vol 3, p 954)

Li Dingming, born in Mizhi County, northern Shaanxi, in 1880, was a Hanlin Academy degree holder of the Qing dynasty and served as section chief in the government of Yulin Prefecture. He also had been a middle school teacher and a primary school principal in Yulin, Shaanxi Province. After that, he earned his living by practicing medicine and farming in his native place. After the establishment of the Shaanxi-Gansu-Ningxia revolutionary base area, he acted as the head of the Finance Committee of Mizhi County and was elected as the chairman of the county's Consultative Council in 1941. On 7 November 1941, he was elected vice chairman of the Consultative Council of the Shaanxi-Gansu-Ningxia Border Region at its second session. On 20 November of the same year, he was also elected vice chairman of the border regional government. Mr Li Dingming held the CCP in great regard. While working with CCP members, he made efforts to closely coordinate and cooperate with them. He also enjoyed high prestige in the border region.

It was at the beginning of November 1941, when he attended the second session of the Consultative Council of the Shaanxi-Gansu-Ningxia Border Region that Mr Li Dingming put forth his suggestion for better troops and simpler administration in order to improve the situation in the administrative organs of the border region that was not appropriate to the state of the war at that time. He said: "At a time when the people are undergoing hardships and the natural resources are in short supply, if we do not want to restrict military and administrative development owing to economic exhaustion, and if we do not want to harm our economic lifeline as a result of our military and administrative development, the government should make overall plans for the economy

and apply the principle of better troops and simpler administration. It should keep its expenditures within the limits of income and draw up a budget so as to maintain a good balance." "Militarily, we should make our troops better and intensify their combat strength in line with the principle of every man being able to fight and help to win battles. We should avoid having the old and weak in the armed forces just to maintain a certain number. Meanwhile, the government should practice simple administration and streamline its organs. It should pursue a policy of limited staff with high efficiency and proficiency in order to avoid the existence of unwieldy organs with redundant staff and the waste of manpower and financial resources." On 18 November, the session passed Mr Li's proposal by a majority of 165 votes, and it was to be "submitted to the government for immediate action." In its declaration, the session formally proclaimed that "the government must practice simple administration and streamline its organs." In accordance with the opinion of the Consultative Council of the Border Region, the government made a decision to act accordingly and at the first government administrative meeting, it set up a special committee for this purpose.

Comrade Mao Zedong attached great importance to the suggestion made by Mr Li Dingming. He underlined in red the essential paragraphs and jotted them in his notebook with this comment: "This is a good method, which serves as an effective cure for our red tape, bureaucratism and formalism." At the beginning of December 1941, the CCP Central Committee decided to popularize this method adopted in the Shaanxi-Gansu-Ningxia Border Region. It issued the instruction for "better troops and simpler administration" to all anti-Japanese base areas, calling for overhauling organizations at all levels, streamlining organs, strengthening grassroots units, enhancing efficiency and practicing economy in manpower and materials. Following that, the CCP Central Committee issued some further instructions and decisions on the issue of making troops better and simplifying administration. Yanan's JIEFANG RIBAO repeatedly published editorials and sponsored discussion meetings on this subject.

When he was vice chairman of the border regional government, Mr Li Dingming earnestly carried out all the instructions issued by the CCP Central Committee. At that time, he was already over 60, and though in poor health, he was still very resolute in his work. In his inaugural address, Mr Li Dingming said in all sincerity: "After having read and studied some different books about socialism, I have come to understand that socialism is the only doctrine which is absolutely fair. In the world today, all countries are bound to follow the road of socialism. Now, China is besieged by a formidable enemy and is short of natural resources. There are numerous difficulties in pursuing socialism. Nevertheless, at this juncture of life and death, we must endeavor to carry forward socialism." Through three streamlinings, the Shaanxi-Gansu-Ningxia Border Region achieved great successes in its work. In his report "Summary of Streamlining the Border Regional Government" at the fourth meeting of the border regional government on 7 January 1944, Mr Li Dingming pointed out: "The border regional government has merged and reduced its internal offices by one-fourth. The organs directly under the government have been reduced from 35 to 22. The number

of their staff has been cut down from 469 to 279. The counties in the border region have also been greatly restructured. We have attained our goals in five aspects--streamlining, unifying, promoting efficiency, practicing economy and combating bureaucratism."

The streamlining carried out in the Shaanxi-Gansu-Ningxia Border Region and other anti-Japanese base areas played an important role in overcoming the severe economic difficulties at that time, continuing the protracted war and winning final victory in the anti-Japanese war. We should never forget the important contribution made by Mr Li Dingming in this respect.

CSO: 4004/30

IT IS IMPERATIVE TO UPHOLD THE BASIC PRINCIPLES OF MARX' THEORY OF
REPRODUCTION--PART THREE

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 20-25

[Article by Deng Liqun [6772 0550 5028]]

[Text] III. Giving Priority to the Growth of the Production of the Means of Production Is the General Law of Expanded Reproduction

As we mentioned before, during the period of readjustment, it is inevitable for heavy industry to grow a little bit slowly or even not to grow temporarily. But can we conclude that the growth rate of heavy industry should always be lower than the growth rate of light industry and the proportion of heavy industry output value should always be smaller than that of the light industry output value? Should we take this as a policy to be adopted in our long-term planning? Some comrades hold this view. I deem that this view is inadmissible and we will make big mistakes if we accept this view. The comrades holding this view do not distinguish provisional measures from long-term policies and do not understand that, generally speaking, during the period of readjusting the economy, heavy industry should develop a little bit slowly while the production of light industrial products in short supply should grow faster, for it will be impossible to implement the policy of readjustment if we do not do our best to look after the industrial departments producing products in short supply, especially when energy supplies are limited. Yet while elaborating long-term plans, we still must uphold the principle of giving priority to the growth of the production of the means of production. Giving up this principle will result in the prolonged backwardness of heavy industry, stagnation of our light industry, agriculture and even of heavy industry itself (especially transportation and the energy industry) because of a lack of an increasingly perfected technology and equipment, and because of the permanent strain on our raw material and energy supplies, and thus give rise to very great adverse effects on the development of the national economy. Therefore, although we are temporarily reducing the proportion of heavy industry, we should not regard this as a long-term policy. In the long run, it is still necessary to increase the proportion of heavy industry gradually and appropriately. Even during the period of readjustment, energy and transportation are still regarded as key sectors when we arrange capital construction. This is indispensable for ensuring smooth expanded reproduction. This is all the more so in the

process of industrialization, during which machines are to replace manual labor in production.

Not long ago, some comrades from theoretical circles put forward the formal proposition that we should build our society into an industrialized society with a light industrial structure. We adopted this proposal while drafting a document in April 1979 pursuant to the Central Committee's instructions. The document has not been completed and this proposal has consequently been given up. We might enquire into this proposal while conducting research. But taking this as a policy to be implemented deserves much debate. We want to substantially develop the production of consumer goods for daily use, and especially the production of consumer durables, so as to increase the supplies of these products continuously. But if there is insufficient energy, no new types of materials, and no modern technology and equipment, it will be impossible to produce consumer goods in such a way that the growing demands of the broad masses, both quantitatively and qualitatively, can be met. It is impossible to carry out modern construction without giving priority to the growth of the production of the means of production. There is no doubt that we must grasp light industry. We have not done enough in this regard and we still have to make great efforts to boost light industry. But we ought to be more far-sighted. That is the very reason why we should study economic principles and far-reaching policies. We still must uphold the principle of giving priority to the growth of the production of the means of production. In other words, the growth of heavy industry still must take priority. In the past, Comrade Mao Zedong always said that heavy industry should be the center of our economic construction, and he did not deny this even when talking about arranging the national economy according to the order of agriculture, light industry and heavy industry. Here the point is to have a clear idea of the direction in which heavy industry should render its services. In 1979, pointing to the metallurgical departments' blindness in respect to both output and quality, Comrade Chen Yun proposed that the metallurgical industry change its service orientation. He cited housing in the countryside as an example. Peasants were having difficulty in erecting houses for lack of timber in the countryside. The metallurgical departments could have produced some metal parts and supplied them to the countryside. This applies not only to the metallurgical departments, but also to all other heavy industry departments, which should orientate their services correctly, always bear in mind the needs of developing agriculture and light industry and the needs of the people's livelihood, and serve agriculture, light industry, the market and the people's livelihood. At the same time, they should bear in mind the needs of national defense. In addition, they should heed the demand of the international market so as to increase exports and help develop the domestic economy. In the past, we exported more semifinished products, such as tungsten ore, than finished products and even had to import many finished products, such as tungsten filaments, and thus suffered great losses. Heavy industry now has the task of readjusting its service orientation and should consider what to do in the light of the needs of agriculture, light industry, the market, the people's livelihood and exports. Meanwhile, the internal structure, or the internal proportionate relations of heavy industry, should be streamlined so that heavy industry can adapt itself to the readjustment of its service orientation. In the past 30 years,

we have laid down quite a sizable foundation for construction, building up fixed industrial assets amounting to over 410 billion yuan and erecting over 400,000 industrial and communications enterprises. Now a very urgent and important task is to carry out, step by step, technological transformation on the foundation of modernization that we have built.

If we fail to carry out gradual technological transformation, the equipment in these enterprises will become more backward in a few years, and still less will they be modernized. If heavy industry's service orientation is correct, and plans and restructuring are carried out according to this orientation, there will be ample scope for it to play its role, its output value can be raised, its proportion can be increased, and its position and role in the national economy will become more important.

We propose that now, and for quite a long period in the future, on the industrial side, the development of the production of the means of consumption should occupy an important place. We should first ensure fulfilling the needs of developing industries producing consumer goods whether in respect to energy and material supplies, investment and allocation of credits, arrangement for the use of scientific and technological forces, and selection of research topics, or in respect to the introduction of technology and equipment from abroad. Does this contradict the principle of giving priority to the growth of the production of the means of production? There is no contradiction as long as the departments producing the means of production follow the correct service orientation, because the production of consumer goods cannot develop without the supplies of the means of production, or to put it the other way around, only if the production of the means of production grows first, will it be possible to meet, promptly and sufficiently, the needs of the departments producing the means of consumption in respect to machinery, equipment and newly discovered industrial raw materials.

Some comrades refute the principle of giving priority to the growth of the means of production from the viewpoint of policy while some refute it from the viewpoint of theory. The arguments of the latter are, in summary: According to one argument, this principle is theoretically unsound; according to another argument, it plays its role only under certain historical conditions and is therefore not a universal law.

Why is this principle theoretically unsound? The following arguments deserve to be brought up for discussion.

First, giving priority to the growth of the means of production is not Marx' viewpoint and Marx' opinion. Giving priority to the growth of the means of production is not the condition for expanded reproduction in the capitalist society. What are the facts? Marx in fact did not make such a generalization. It is Lenin who did so. But Lenin entirely followed Marx' theory when making this generalization. While interpreting Marx' theory concerning the condition for realizing expanded reproduction, Lenin included technological progress in the formula, made a detailed analysis by means of charts, and then concluded: "Thus, we have seen that the production of the means of

production which manufacture the means of production grows fastest, then follows the production of the means of production manufacturing the means of consumption, the production of the means of consumption grows most slowly. Even without the study that Marx made in his 'Das Kapital,' volume two, it would be possible to come to the above conclusion by referring to the law according to which constant capital tends to grow faster than variable capital, because the statement that the means of production grow fastest is merely another way of saying that this law applies to the total social product." ("Collected Works of Lenin," Vol 1, p 7) Under the capitalist system, technological progress and replacement of manual labor by machines find expression in a high growth rate of constant capital in comparison with variable capital. So whether Lenin is right in including technological progress (constant capital grows faster than variable capital) in his analysis depends on whether what "has been included" represents Marx' viewpoint. Whoever has read "Das Kapital," volume one, knows that in the chapter "The Process of Capital Accumulation," Marx demonstrated by detailed discussion that under the capitalist system, technological progress finds expression in the downward tendency of the ratio between variable capital and constant capital. As a matter of fact, Marx expressed this opinion on many occasions. For instance, in "The Theory of Surplus Value" he said: "With the development of capitalist production, the part of capital invested in machinery and raw material grows while the part of capital spent on wages decreases. This is an irrefutable fact." ("Collected Works of Marx and Engels," Vol 26, p 402) All this proves that the argument that Lenin's generalization is not Marx' viewpoint is without foundation.

Second, technological progress can also be achieved through economizing on means of production and, under this condition, technological progress will not find expression in the downward tendency of the ratio between variable capital and constant capital; according to the same argument, what has just been said is not covered by the analysis of Marx and Lenin. But, as a matter of fact, while analyzing the reproduction of capital in a society, Marx and Lenin never neglected to consider that more advanced and more perfect technology and equipment would replace backward ones. We know that while analyzing simple reproduction in "Das Kapital," volume two, chapter three, Marx expounded on how the two kinds of constant capital were replaced, including the replacement of value and physical replacement, which, besides, should correspond to one another; he also expounded on how additional constant capital was derived while analyzing expanded reproduction. As he said in the above-mentioned chapter, for replacement and addition alike "most of the means of production undergoes continuous renovation as a result of industrial progress. Therefore, instead of in the original form, replacement takes place in the form of renovation." ("Collected Works of Marx and Engels," Vol 24, pp 190-191) That is why he divided expanded reproduction into extrinsic expansion and intrinsic expansion. So-called intrinsic expansion means raising the efficiency of the means of production.

Of course, the point is not what Marx' and Lenin's views were, but whether their views are out of date.

It is true that since the middle of this century, especially since World War II, the developed capitalist countries have been increasingly resorting to economizing on the means of production for achieving technological progress. As a result, the capital component tends to decrease. For instance, in the United States, the ratios between capital and wages for the processing industries were: 4.12 in 1909, 3.26 in 1919, 3.67 in 1929, 3.51 in 1937, 2.49 in 1948, 2.36 in 1953 and 2.45 in 1968.

Does this mean Marx' principle that with technological progress, the ratio between variable capital and constant capital tends to decrease, and that, therefore, the argument that the growth of the means of production takes priority is no longer valid? We should admit that under the condition of achieving technological progress through economizing on the consumption of the means of production, this process, although not as evident as when manual labor was being replaced by machines, is still taking place. Let us make some simple analyses. What has constituted the economies of the means of production realized by the industries in the capitalist world in recent years? Lower consumption of raw materials and other material inputs, mainly owing to newly discovered raw materials and improvements in technology and equipment; lower expenditure on the so-called negative part of fixed assets, that is, buildings and projects. Here, many factors are effective only for a short period and will not be able to play a role forever. As regards the so-called positive part of fixed assets (or to cite Marx, "the skeleton system and muscle system of production"), the proportion of machinery and equipment has been increasing. Taking the major material production departments of the United States as an example, the ratios between their capital value and wages were: 1.06 in 1929, 1.1 in 1937, 1.12 in 1940, 1.07 in 1950, 1.27 in 1958 and 1.27 in 1968. While demonstrating that "in the process of capital accumulation accompanied by capital buildup, variable capital decreases relatively," Marx said: "With the lapse of time, one day old capital will be renewed from head to foot, will cast off its skin and will regenerate in the form of better technology, under which form, a smaller amount of labor will suffice for operating a larger quantity of machines and raw materials." ("Collected Works of Marx and Engels," Vol 23, p 689) Have the facts in the past decades refuted this thesis of Marx' or further corroborated it? Evidently, they have corroborated this thesis.

Third, the production relations in capitalist society are the condition for the law of giving priority to the growth of the means of production to operate, and this law ceases to exist under the socialist system. What should be our view of this argument? Of course, there is an acute contradiction between accumulation and consumption under the capitalist system, where constant capital grows faster than variable capital. In other words, more and more newly formed capital shifts into the production departments manufacturing the means of production, even to the extent that the two major categories become disproportionate. This has already become an objective law of economic development in capitalist society. But, just as Lenin pointed out, "Replacement by machines of manual labor is not 'absurd' at all, on the contrary, this reflects the role of all technological progress made by mankind." ("Collected Works of Lenin," Vol 1, p 88) In "Das Kapital," volume three, chapter two, which was rewritten by Engels according to Marx'

manuscript, there is a passage which reads: "Labor productivity rises just because: the share of living labor decreases while the share of past labor increases; but since the total amount of labor embodied in commodities decreases, the decrease in living labor exceeds largely the increase in past labor." However, "as regards capital, the law of raising labor productivity does not operate unconditionally. As regards capital, this kind of productivity may be raised not when living labor can be saved in general, but only when the economy in paid living labor exceeds what is added to past labor." ("Collected Works of Marx and Engels," Vol 25, pp 290, 292) A very clearcut distinction has been made: the decrease in the share of living labor and the increase in the share of past labor, and the resulting decrease in the total amount of labor contained in products, is a universal law which operates in societies with any social and economic structure; the feature peculiar to capitalist society is that instead of seeking to economize on living labor in general, capital seeks to economize on the part used for remuneration of living labor. Just because of this, under the capitalist system, giving priority to the growth of the means of production is related to the phenomenon that the production of the means of consumption falls behind that of the means of production. But the production of the means of production cannot be separated too far and for a long period from the development of the production of the means of consumption. So when the production of the means of production has developed to a certain extent, there will be fluctuations and even crises, after which the lost equilibrium will be restored.

Production in a socialist society is, by nature, not for seeking profits but for meeting the needs of workers; it does not develop blindly but according to plan. We are absolutely in a position to ensure, by consciously observing the law of giving priority to the growth of the means of production, timely and sufficient supplies of the means of production to the two major categories so as to expand reproduction smoothly, and at the same time to ensure, by consciously observing the law of coordinated development of the two major categories, a correlative development of the production of the means of consumption and the production of the means of production while enhancing the development of the production of the means of production. Opposing the aim of production and the planned and proportionate development of production in socialist society to giving priority to the development of the production of the means of production, and asserting that giving priority to the development of the production of the means of production will cause the two major categories and even the entire national economy to become disproportionate and will make it impossible for production to meet the workers' needs in their material and cultural life, are views which do not have any foundation. For instance, under the capitalist system, a relative population surplus, or a huge contingent of jobless people, will inevitably appear in the course of capital accumulation, as the capital component increases. This is not only the inevitable consequence of, but also the condition for, production in a capitalist society. We also want to continuously replace backward equipment by more advanced equipment. That is why we must give priority to the growth of the production of the means of production and would otherwise be unable to realize modernization. But while determining the spheres and steps of the modernizations, we must give due consideration

to the employment situation. In our country, which has a large population and an unfavorable starting point, employment is a great issue. Therefore, it is impossible to modernize our country quickly, and for a long period of time, manual labor and semimechanized production on the one hand and mechanized and automated production on the other hand will coexist. This is not only because it is impossible to accumulate so much capital overnight, but also because only in this way can more jobs be created. Since the 3d Plenary Session of the 11th CCP Central Committee, we have arranged jobs for over 26 million people while readjusting the national economy at the same time. Would capitalists have done the same thing? They definitely would not, for their method is to lay off as many people as possible. It is not only out of economic considerations but also out of political considerations that we have been doing so, because in this way we can in return secure social stability and unity, which are the indispensable conditions for building a modernized socialist country. In order to realize modernization as well as to arrange for employment, we must appropriately resolve the contradiction between the level of employment and the raising of labor productivity.

In the past, our national economy became disproportionate more than once. Since the 3d Plenary Session of the 11th CCP Central Committee, investigations and summarization of past experiences have been making it more and more clear to everyone that the policies guiding our economic work which were of the "leftist" ideological persuasion were the main causes. Policies of the "leftist" ideological persuasion included blindly pursuing high targets, biased interpretation of the giving of priority to the growth of the production of the means of production, and stressing the development of the steel and iron industry alone. As a result, the two major categories became disproportionate. Misinterpretation of the principle and the principle itself are two totally different matters, which should not be mixed up in our discussions. In the past, things went wrong in this regard, not because we upheld the principle of giving priority to the growth of the production of the means of production, but, on the contrary, because we acted against this principle, because correctly applying this principle requires us that we maintain a harmonious correlation between the two major categories.

Some comrades fail to make this distinction and ascribe the disproportion to the principle of giving priority to the growth of the production of the means of production, and even say that if this principle is alleged to be a law, then it can only be a law disrupting the overall equilibrium and a law disrupting the national economy. Other comrades even say that if we had started our industrialization from light industry, we would have accumulated much more capital and would have avoided the drastic ups and downs in our economic development. Thus, they have brought up an issue to be treated very seriously: Was the policy during our first 5-year plan ultimately right or wrong? As everybody knows, the industrial foundation in old China was very weak. Before the war of resistance against Japan, modern industry only represented slightly over 10 percent of the total industrial and agricultural output value, while heavy industry represented 23 percent of the total industrial output value. In 1949, steel output was only 158,000

tons, while most of the machine-building enterprises were small factories capable of carrying out repairs only. Under such circumstances, if economic construction had not been centered on heavy industry, it would have been impossible to equip light industry and agriculture with comparatively advanced technology so as to realize industrialization. Just because our party adopted the correct policy of taking heavy industry as the key sector, we were able to quickly establish our own modern machine-building industry, power equipment industry, metallurgical industry, mining equipment industry, high-alloy steel industry, important nonferrous metals industry and other burgeoning industries, and thus remarkably change the backward outlook of our industry as well as lay a solid foundation for further developing our national economy. During the first 5-year plan, while ensuring that the development of heavy industry remained the first priority, we also succeeded in developing light industry and agriculture. During these 5 years, the growth rate of the total industrial and agricultural output value averaged 10.9 percent per annum with the total heavy industry output value growing at an average rate of 25.4 percent per annum, the total agriculture output value growing at an average rate of 4.5 percent per annum and the total light industry output value growing at an average rate of 12.9 percent per annum. Facts have proved that the policy of giving priority to the development of the production of the means of production implemented during the first 5-year plan was correct. What we need to correct now is the misinterpretations of this policy, instead of the policy itself, which we can by no means give up.

Let us now discuss whether giving priority to the development of the production of the means of production is a law common to all forms of expanded reproduction, or a law which operates only under certain historical conditions.

First, as some comrades put it, let us have a look at "real economic life." Nobody denies that in the 19th century and in the first few decades of the 20th century, the production of the means of production took priority in capitalist industrial development, and only since the middle of the 20th century, especially in the decades after World War II, have the first category and the second category on the whole developed in parallel, with the growth rate of the second category exceeding that of the first category occasionally. This means that, as regards the development of capitalism, the latter situation has a shorter history than the former one, and that even the latter situation needs to be analyzed in detail. If we take the machine-building industry alone, which is the most important production department of the means of production, and compare it with light industry (the textile, garment, footwear, foodstuffs industries and so on), we see that the growth rate of the former has still been higher than that of the latter. From 1955 to 1974, the growth rate of industry in the developed capitalist countries averaged 5 percent per annum, with the growth rate of the machine-building industry averaging 5.6 percent per annum and that of light industry 3.8 percent per annum. The proportion of the machine-building industry in industry as a whole rose to 36.2 percent in 1974 from 31.3 percent in 1955, while that of light industry declined to 27.7 percent in 1974 from 31.5 percent in 1955. In the United States, from 1955 to 1977,

the average growth rate of the total national product was 3.2 percent per annum, that of industry as a whole was 3.6 percent per annum while the average growth rate of the machine-building industry was 5 percent per annum, that of the electrical engineering and electronics industries 5.2 percent per annum, that of the precision machine-tool industry 6.7 percent per annum; the only exception was the industry manufacturing means of transportation, recording a lower-than-average annual growth rate, that is, 3.5 percent. In the case of Japan, between 1951 and 1974, the average growth rate of the national product was 9 percent per annum, that of industry as a whole was 13.7 percent per annum, while the average growth rate of the machine-building industry was as high as 19.1 percent per annum. In West Germany, England and France, the machine-building industry has also grown more or less faster than industry as a whole and than the national product. These figures show that we cannot simply deny that in the past few decades priority has been given to the growth of the means of production.

Of course, in addition to machinery and equipment, the machine-building industry also produces a part of the consumer goods for daily use. Yet, even taking into account this factor, the above judgment remains valid, because on the one hand the machine-building industry mainly produces machinery and equipment rather than consumer goods for daily use, and on the other hand, the textile industry, which falls under the category of light industry, also produces a part of the products used in production. Based on data published in the July 1981 issue of the American periodical "Manual of Basic Economic Statistics," some comrades have used the end-products on the market to calculate the growth rates of the industrial consumer goods and equipment in the United States from 1947 to 1980. The results are: the consumer goods increased by 341 percent while the equipment increased by 489 percent. These are very convincing data.

In the second place, even without making the above detailed analysis, there still remains the problem of how to grasp the relationship between economic laws and economic phenomena. While speaking of "the law of decreasing profitability," Marx said: "Some reactions will necessarily produce their effects to resist and counterbalance the effects of this general law, making it a law of tendency. Therefore, we call the decline in general profitability a downward tendency." ("Collected Works of Marx and Engels," Vol 25, p 258) While analyzing the general tendency of raising the agricultural component in the capitalist countries during the 19th century, Lenin also said: "We lay stress on the word 'general,' because both Marx and his disciples have always regarded this law as a law of general tendency in the capitalist world rather than a law operating under every particular circumstance." ("Collected Works of Lenin," Vol 4, p 93) No economic laws (in fact even no laws in general) exist in isolation without encountering the reactions of the factors which obstruct and resist their effects. Therefore, they can only be "laws of general tendency," and "real economic life" can by no means always correspond to economic laws without the slightest departure from them. Taking the law of giving priority to the production of the means of production as an example, in the past few decades, this law has encountered many factors obstructing and resisting its effects in the major capitalist countries. What we mentioned before while talking about the

changes in the capital component was this factor. As a matter of fact, there are many other factors. For instance, depreciation of the means of production, increase in staff and workers' nominal wages, development of service industries and so forth. The development of service industries will boost the demand for consumer goods on the one hand and does not generate a great demand for the means of production on the other hand. This cannot but be reflected by the ratio between the growth rates of the two major categories.

It is particularly worth pointing out that since World War II, the growth rates of the production of minerals and fuels in the major capitalist countries have been noticeably lower than the growth rate of industry as a whole. Why could this situation exist? This is because these countries have become more dependent on imports for these products. According to statistics, the energy output of the United States in 1950, calculated on the basis of standard fuels, was 1,165,060,000 tons while the consumption amounted to 1,139,880,000 tons. Output exceeded consumption. But in 1958, consumption started exceeding the output, and in 1975 the consumption amounted to 2,349,550,000 tons while output was only 2,036,670,000 tons, the difference being 312,880,000 tons. In England, the standard fuels output in 1950 was 219.88 million tons while consumption amounted to 221.03 million tons. So the difference was not very big. But in 1975, the consumption rose to 295.33 million tons while output declined to 183.99 million tons, the difference being 111.34 million tons. The following data well illustrate the degrees of dependence on imported minerals and fuels on the part of the major capitalist countries.

The amount of products imported as a percentage of domestic supplies for some products in 1975:

	<u>United States</u>	<u>England</u>	<u>France</u>	<u>West Germany</u>	<u>Japan (1976)</u>
Crude oil	33.1	99.4	98.9	94.2	99.7
Coal		3.9	40.9	3.3	76.6
Iron ore	29.0	28.1	77.9	93.0	99.6

Raw materials and fuels account for a very large share of the means of production. If this part of the means of production is not produced inside the country, this cannot but be reflected in the growth rates of the means of production.

Economic life in a society is always related to political life. Therefore, in addition to economic factors, internal and external political factors also affect the effects of economic laws. This has to be taken into account while investigating how economic laws operate. We will not discuss this point here.

Factors counterbalancing the effects of the law of giving priority to the production of the means of production definitely exist in the socialist economy. For instance, although the socialist economy is basically an economy which develops according to plan and therefore does not have economic crises owing to overproduction as does the capitalist system, the production

of the means of consumption and the production of the means of production will become seriously disproportionate for various reasons, especially because policies guiding economic work inappropriately and unilaterally emphasize the growth of the production of the means of production. Then, it will be necessary, as well as possible, to take the initiative in readjusting, suitably slowing the growth rates of the production of the means of production and substantially accelerating the development of the production of the means of consumption. Therefore, even under socialist conditions, it is impossible to permanently give priority to the production of the means of production.

Many people have enumerated and analyzed the factors which resist and obstruct the effects of the law of giving priority to the production of the means of production, yet have concluded that this law is not a universal law. This conclusion cannot be approved. We ought to pay attention to the "particular circumstance" arising from the obstruction of and resistance to the effects of economic laws. But this does not permit us to deny the existence of economic laws. If we adopt this method of analyzing problems, we may, I am afraid, deny any economic laws. (End)

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ON GOAL, BASE AND SPEED

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 26-27

[Article by Jin Wen [6855 3080]]

[Text] In reforming society and pushing it forward, the proletariat always maintains a clear goal. Our long-range goal is to realize communism. And our present goal is to build a modernized and powerful socialist country with high degree of democracy and civilization. In order to attain this goal, we have to start from the base of actual national strength. In the course of working toward this goal, we have to maintain a certain speed. Then, how should we decide on a really suitable speed? There are two methods. The first is to draw up a plan for capital construction based on a "high speed," which would be the product of subjective thinking; and the other is to draw a plan based on the present national strength.

From the statement "The scale of construction must conform with national strength" by Comrade Chen Yun, we see that he opposes the former and advocates the latter. He said: "The scale of construction must conform with the financial and material resources of the country. Whether it conforms with the latter is the criterion for judging whether the economy is stable. In a big country like ours with a population of 600 million, economic stability is extremely important. If the scale of construction is beyond the limits which financial and material resources can meet, then it is simply a rash advance and it will give rise to economic disorder; if the former and the latter are in balance, the economy will remain stable. Of course, it is no good to be so conservative that a reasonable speed of construction is not maintained." Initially, it would seem that it is not economic development but "economic stability," and it is not speed but "conformity," that was emphasized here. But actually this is not the case.

All people who support the socialist cause hope that our country's construction can be pushed forward more rapidly. Their hope is reasonable. The point is that development cannot emerge out of a void, and the speed must be subject to the limitations of the base. The reason is that the development of material productive forces is a continuous process. Marx pointed out in a letter to P. V. Annenkov: "Men are not free arbiters of their productive forces--which are the basis of all their history--for every productive force is an acquired force, the product of previous activity. The

productive forces are, therefore, the result of practical human energy; but this energy is itself circumscribed by the conditions in which men find themselves, by the productive forces already acquired, by the social form which exists before they do, which they do not create, which is the product of the preceding generation. Because of the simple fact that every succeeding generation finds itself in possession of the productive forces acquired by the preceding generation, which serve as the raw materials for new production, a cohesiveness arises in human history, which is the basis of man's history." ("Selected Works of Marx and Engels," Vol 4, p 321) Similarly, in marching toward the goal of socialist modernization, we cannot do without a starting point, but the starting point is not up to us to choose. It can only be the existing base, the existing national strength, which mainly means the present productive forces. How and at what speed we approach our goal are not decided by people's will. Although a social movement is a process of material movement with the people's participation, and man's subjective initiative is by no means negligible, the social movement can never be freed from the limitation of national strength. The favorable factors embodied in national strength, at present or in the future, are helpful to us in raising the speed of development; meanwhile, the unfavorable factors will always affect it.

Economic development, being the growth of material force, must be handled with meticulous care. Only a solid, steady and substantial speed of development with good economic results will be good for our work of approaching the goal. And those "high speeds" with great fluctuations and bad economic results will be detrimental to both the country and the people. They can never speed up construction; in fact, they actually slow progress.

The lessons we have learned over the past years show that one-sidedly pursuing "high speed" and "high standard" and disregarding the compatibility between the construction scale and national strength will inevitably give rise to serious imbalances among various sectors of the national economy, production of substandard goods, tremendous waste of material resources, an upsurge of unhealthy tendencies in the economic field and an upsetting of the normal socialist economic order. In other words, they will bring about economic instability or economic disorder. A country whose economy cannot be developed steadily will never be able to make remarkable and substantial progress although it puts both time and effort into this. Then what is meant by stable development? It means that every step is a substantial move forward. The speed, though not so "splendid" on an annual basis, will be marvelous in the long term. That is what we call striving for "stability" on the basis of "compatibility," and in turn, striving for development on the basis of "stability"; taking the whole situation into account and paying attention to real effect. Therefore, striving for stability can by no means be regarded as a rightist practice.

It is quite obvious that the idea of compatibility between the construction scale and national strength does not mean to oppose the demand for raising speed. On the contrary, it should not obstruct the achieving of a "reasonable speed." In his article "The Present Financial and Economic Situation and Certain Methods To Overcome Difficulties," Comrade Chen Yun said: "The

basic idea of our work should be: striving for high speed while being well prepared for stagnation. We should try our best to achieve anything which is favorable to the increase of agricultural production. However, we must be aware that we will probably not reach the ideal speed although everything has been done. Therefore, we have to be well prepared for stagnation." Despite the difficulties caused by the "leftist" guiding ideology and rash actions at that time, Comrade Chen Yun remained in favor of maintaining a certain speed. "Striving for high speed" means to reach a relatively high speed; while being "well prepared for stagnation" means taking into consideration the minimum speed which we could reach with our "very best efforts." Here the "stagnation" owing to standing idle is intolerable, and it has nothing to do with that "stagnation" we mentioned in the idea of being "well prepared for stagnation." Similarly, although today we have suffered much from leftist rash practices in economic construction, we should never go to the other extreme and think that it is better to develop the economy as slow as possible.

Starting from and keeping compatible with the national strength is the material prerequisite for us in determining the speed of development. To do so is not a negative but positive act. However, there is emerging an idea in some places that gives no importance to speed in the present period of readjustment. Naturally such an idea leads to slackness and low efficiency. It is true that we started the economic readjustment in the beginning of the 1980's mainly because we had promoted the "high speed" and "high standards" in the past under the guidance of the "leftist" thinking which brought about a serious imbalance among various sectors of the national economy and severely undermined the national economy. Of course, the economic readjustment has to clear away the "leftist" guiding ideology, and lower the impractical "high speed" and "high standards" to a practical level in actual work. Therefore, some units have to be "closed, suspended, merged or shifted." What are all these measures for? They are intended to completely get rid of the "high speed" which caused great fluctuations and disregarded economic results in the past, and to replace it with a steady speed of development which will produce good economic results. Therefore, readjustment does not mean that we do not pay any more attention to the speed of development, but that we are to achieve an integration of speed and results, so that we can take a firm stand and advance in a better way on a more concrete basis. Thus, we will be able to turn the impractical "high speed" into a solid and substantial speed.

Such a speed can be reached and is bound to produce prominent results in the period of economic readjustment. This readjustment will on the one hand readjust the proportionate relationships between industry and agriculture, between light industry and heavy industry, and between accumulation and consumption; and on the other hand, readjust product structure, technical structure, enterprise structure and organization structure, and rationalize economic structure. If only we can conscientiously carry out these tasks the national economy will be able to maintain a certain growth in the readjustment which will bring substantially more benefits to the people. In the future, following the successful completion of economic readjustment and reform, our country's economic construction will surely achieve higher speed

on the road of steady progress and healthy development. However, we should never forget the truth that "the scale of construction must conform with the national strength." Only by doing things in a practical and realistic way and making progress in solid steps can we reach real speed on the road toward achieving our goal.

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WHAT IS CREDIT INFLATION, AND IS IT THE SAME AS CURRENCY INFLATION?

Beijing RED FLAG in Chinese No 7, 1 Apr 82 p 28

[Article by Chen Wenlin [7115 2429 2451] in "Questions and Answers" column]

[Text] Answer: Credit inflation refers to the volume of credit exceeding the sources of credit. In this case, the corresponding supply of goods and materials cannot keep pace with the growth of loans. The function of credit is to regulate social funds. In general, the volume of credits created by banks is based on the amount of deposits they have on hand. For example, if loans exceed sources and the state does not control marketable goods and materials, credit funds will be used to cover financial deficits or an excessive number of long-term construction loans will be made (these loans cannot supply marketable products in a short time), and then the phenomenon of the supply of money in circulation exceeding the supply of goods and materials will arise as a result of the new purchasing power derived from these loans. As a result, commodity prices rise and money is devaluated. Does this mean credit inflation will certainly arise whenever banks make loans in excess of the sources of these funds without a guarantee of goods and materials? I do not think so. In my opinion, only when the volume of credit expansion exceeds a certain limit does credit inflation occur. Last year, a basic balance was maintained between revenue and expenditure and between inflow and outflow of credit funds in our country. But there was not a complete balance, so the possibility of credit inflation still exists. We should never ignore this fact. In his government work report, Premier Zhao Ziyang said: "We should keep fund raising under control and prevent credit inflation. And the banks' role of accumulating, transferring and controlling credit funds must be strengthened."

Currency inflation refers to an excessive amount of paper money circulating in society--exceeding normal needs in commodity exchange and labor payment, and followed by devaluation. One of the inevitable results of inflation is a rise in commodity prices. But not all price rises occur because of inflation. China has incurred financial deficits for several years running. The supply of money has grown faster than the demand for money in circulation. An excess of banknotes exists in the market. Commodity prices have risen, but only by a small margin, because ours is a planned economy. 1) Purchasing prices of grain and other agricultural products are higher than their selling prices, and the difference is subsidized by the state. Thus, prices of

people's daily necessities are basically stable and the stability of people's livelihood is guaranteed. 2) Generally, there have been no major price rises throughout the country, but have been some price increases and decreases. The extent of a price rise is limited by the state planning mechanism and administrative intervention. The workers' standard of living might be affected by a price rise. However, their standard of living is not only based on the level of prices but also on the level of their wages. In China, owing to adjustment of wages, issuance of bonuses, increase in employment and other factors in recent years, the growth of the per capita wage income of workers' families is higher than the growth of commodity prices.

Since 1979, we have raised the prices of agricultural and sideline products in a planned way. This was done in order to achieve price parity between industrial and agricultural products. It was not prompted by an excess of circulating money. These price adjustments are beneficial to rapidly recovering and developing agricultural production and to improving supply to urban residents and is of positive significance. Therefore, while observing and determining whether the amount of money circulating in market is reasonable, it is unadvisable to only examine the increase and decrease in the volume of money supply. This should be concretely analyzed by linking production with circulation.

Credit inflation is closely related to currency inflation. In Western capitalist countries, currency circulation includes two aspects--cash circulation and noncash settlements. There are no limits to the settlements of capital by account transfer or cash payments. So, credit inflation and currency inflation are, in fact, one and the same. Currency circulation in China only refers to cash circulation, and does not include noncash settlements. However, because money is put into circulation through credit procedures, the balance between the amount of cash put into or withdrawn from circulation depends on the balance between the inflow and outflow of credit funds. On a nationwide level, withdrawal of money from circulation means that the credit inflow volume is larger than the credit outflow volume; putting money into circulation means that the credit outflow volume is larger than the credit inflow volume. The balance of inflow and outflow of credit coincides with the balance of inflow and outflow of cash. In the past, owing to the interlocking of finance, credit and cash, capital construction pressed for finance and finance pressed for credits, so deficits in credit funds were covered by increasing the amount of currency issued. Under this system of fund management, if credit inflation occurs, currency inflation will certainly follow. But credit inflation and currency inflation are two different concepts. On the credit balance sheet, the volume of credits is equal to the volume of deposits plus the volume of currency issued. The increase and decrease in the volume of credits reflects the increase and decrease in the volume of deposits and the withdrawing and depositing of cash. Therefore, credit inflation might simultaneously take the forms of account transfers and cash payments, while currency inflation generally refers to an excessive increase in cash payments. In order to prevent credit inflation, the relationship between credit and currency should be properly handled, and the comprehensive balance of finance, credit, materials and foreign exchange should be maintained.

SEVERAL QUESTIONS WHICH CALL FOR ATTENTION IN LITERARY AND ART CREATION AT PRESENT

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 29-31, 43

[Article by Wen Hua [5113 6895]]

[Text] Socialist literature and art must be improved and developed through a continuous process of practice and summing up of experience. In recent years, literary and artistic creation has flourished, bringing about a situation that has rarely been seen since the founding of the PRC. In the second half of last year, comrades in literature and art circles began to study and implement the spirit of the Central Committee's forum on questions on the ideological front, earnestly carrying out criticism and self-criticism in a comradely and realistic manner. In addition to affirming the achievements and mainstream of this development in literature and art, on the question of overcoming and preventing the mistaken tendencies of bourgeois liberalization, they reached a basically unanimous understanding, exchanged ideas and strengthened unity, creating conditions that are conducive to the further flourishing and healthy development of literature and art.

These studies and discussions have played an important role in the development of our country's socialist literature and art. One of the most outstanding results is the fact that we have had to draw a clear distinction between right and wrong on certain basic questions of literary and artistic creation.

1. A number of literature and art works describing social life during the "Great Cultural Revolution" have appeared since the smashing of the "gang of four." These works have played a positive role in understanding this internal disorder that brought serious calamity to the party, the state and the people of all nationalities and in understanding the essence of the Lin Biao and Jiang Qing counterrevolutionary cliques. However, an outstanding problem that exists in a few of these works is that they are unable to draw a clear distinction between, on the one hand, Lin Biao and the "gang of four," and on the other hand, the party, the state and the socialist system. As a result, objectively they have varying degrees of bad effects on the party, the people's regime, and the socialist system.

It should be noted that, although Lin Biao and the "gang of four" seized a considerable amount of the state's and party's power during the "Great Cultural Revolution" and invariably waved the banner of the party and socialism to justify their perverse acts, they were in fact a diseased growth on the body of the party and the socialist system. Lin Biao and the "gang of four," along with the serious calamity they brought on the people, were certainly not products of the party and the socialist system itself. On the contrary, they were the enemies of the party and socialist system of the working class. While they may have prevailed for a while, in the end they did not and could not escape the punishment of history. Once the victory against them had been achieved, it was inevitable that our party and socialist system should move rapidly into a new historical period. This is the true face of Chinese history during and after the "Great Cultural Revolution" and is also something that our party, and the people of all nationalities, including workers in literature and art, have come to understand through the summing up of the experiences of this historical period. As the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" pointed out, "Although we suffered from sabotage by the counterrevolutionary cliques during the 'Cultural Revolution,' we won out over them in the end. The party, the people's political power, the people's army and Chinese society on the whole remained unchanged in nature." These highly complex social and historical phenomena occurred under very special conditions and some authors have failed in their efforts at artistic condensation and judgment, believing that the "Great Cultural Revolution" represented 10 years of fascist dictatorship, during which time the state's political power was completely in the hands of the "gang of four." This mistaken understanding has meant that their works paint a very dark picture of the social reality during that time, giving no hint of either the reactionary nature of the Lin Biao and Jiang Qing counterrevolutionary cliques or the historical trend which was to result in their eventual downfall and offering no insight into either the struggle of the party and the people of all nationalities or the inevitability of their final victory. The inability to grasp the true nature of society in a correct and comprehensive manner has prevented a small number of authors and artists from correctly understanding and expressing the most profound and inherent truth of the age that "our people are a great people and that our party and socialist system have enormous vitality." It seems that a summing up of both the positive and negative experiences and lessons of literary and artistic creation and a deep study and appreciation of the "resolution's" scientific analysis of the "Great Cultural Revolution" will contribute significantly to the improvement of artistic and ideological standards in this type of creative activity.

2. Practice has proved that pursuit of special privileges and bureaucratism are, in the entire ranks of revolutionary cadres, only partial and temporary phenomena which can certainly be overcome by the forces of the party and the people's regime themselves. In observing life, selecting material, refining plots and portraying characters, writers and artists should take a stand that conforms to the basic interests of the party and the people. Moreover, through their own creative work they should be able to play a positive role in improving party work style and work and in promoting socialist modernization. However, an important point that needs to be put forward here is that

it is essential to clearly distinguish the fundamental differences between the old and new social systems and between the party's cadre force and the very small number of degenerates and speculators who have worked their way into it. The socialist system is incompatible with the phenomena of pursuit of special privileges and bureaucratism. Our cadres are certainly not bureaucrats of the old system; they are the people's servants and communists who devote their all to the cause of liberating the whole of mankind. Otherwise, there could be no new China in which the people are masters, and there could be no victory for socialism in China. It is absolutely essential to mercilessly expose the small number of degenerate elements and speculators. However, there is no basis at all for maliciously uglifying and launching unbridled attacks on good comrades who have shortcomings or going so far as to paint a dark picture of the entire party and cadre rank. There is a school of thought which believes that those within the party have come to form a "privileged class"; maintaining that only artists have a "conscience" and that politicians have no "conscience." No matter what an individual author's motives may be, any work which is written on the basis of such thinking will be basically contrary to historical facts. Our party and the people of all nationalities earnestly hope that writers and artists will be able to shift the focus of their creative activities toward the ongoing struggle, to build a new life. To say that this represents a ban or a disguised ban on any writing dealing with privilege and bureaucratism reflects a serious misunderstanding of the situation. There is still a dark side to our life and not a single day passes without the party and the people having to struggle against these dark aspects, including privilege and bureaucratism. The task put forward by the Central Committee of struggling against corruption is further proof of this. Two years ago, Comrade Hu Yaobang's "speech at the playwright forum" clearly pointed out that "our party has already resolved to solve the problems of bureaucratism and privilege and is currently adopting measures to this end. The party dearly hopes that comrades in literary and art circles will join us in adopting the correct policy, using literary and artistic creation to expose and overcome bureaucratism and privilege seeking." This is both the sacred right and the unshirkable responsibility of socialist artists and writers. Faced with the various problems for which the party and people show concern, our writers and artists must not close their eyes to any of the backward, negative and ugly phenomena that confront them. Rather than remaining silent, they should bring the indispensable critical functions of socialist literature and art into play in a real and effective manner. In fact, in all areas of artistic creation--novels, films, plays and poetry--there have been a considerable number of successful works which have had the correct ideological viewpoint, shown great artistic creativity and adopted the correct method in exposing and opposing all types of unhealthy trends, including privilege-seeking and bureaucratism. The party and the people have, of course, shown great interest in and welcomed these works.

3. Since the smashing of the "gang of four," we have sharply criticized all kinds of expressions of the personality cult in the literature and art field. Take the ideological stand of Marxism, for example. A number of writers and artists have used the form of literature and art to expose the complex, multifaceted political and historical causes of "overconcentration of party

power in the individual, and the growth of autocracy in the party and of personality cults," to help people to draw the necessary lessons. This is very significant. But of course, not all works which deal with this subject and theme have the correct stand, viewpoint and method, nor do they all express a rigorous creative attitude and a sense of revolutionary responsibility. Certain works take a one-sided and vulgar view of the problem and use insinuations and satire to describe the proletarian revolutionary leaders, especially Comrade Mao Zedong, as symbolizing "monarchical power" and "divine rights." This leads to distortions of history. "Comrade Mao Zedong was a great Marxist and a great proletarian revolutionary, strategist and theorist. It is true that he made gross mistakes during the 'Great Cultural Revolution.' But, if we judge his activities as a whole, his contributions to the Chinese revolution far outweigh his mistakes. His merits are primary and his errors secondary. He rendered indelible meritorious service in founding and building up our party and the Chinese people's Liberation Army, in achieving victory in the cause of liberation of the Chinese people, in founding the People's Republic of China and in advancing our socialist cause. He made major contributions to the liberation of the oppressed nations of the world and to the progress of mankind." Every writer and artist who seeks to express this solemn and important theme and subject should use the "resolution's" scientific and factual assessment of Comrade Mao Zedong's historical position as an ideological guide. Several writers have recently tried to sum up lessons and experience in this area in the light of their own creative practice. This has been of enlightening significance in the question of how our literary and artistic creation should solve the relationship between opposition to personality cults, on the one hand, and correct treatment of revolutionary leaders, on the other.

4. In the past there was a simple tendency among our creators of literature and art to completely ascribe a person's social nature to his class nature. This tendency has been criticized and has started to be corrected in practice. In recent years bringing order out of chaos on the theoretical level has led to the appearance of a group of successful works guided by the Marxist world outlook which express concretely the richness and complexity of human society. However, a number of works preaching abstract human nature have also appeared. This is mainly expressed in the following ways: 1) observing life and history from the viewpoint of abstract human nature and defining the struggle between the masses under the Communist Party's leadership and the "gang of four" as a struggle between human nature and antihuman or animal nature; 2) making vigorous efforts to seek beautiful human nature in class enemies or reactionaries, blurring the distinction between the enemy and ourselves and even making "human nature" and "human feeling" an excuse for defection to the enemy, treason and other treacherous acts; 3) preaching that abstract human nature is the lever of history and the motive force by which mankind can hold together and society can develop; 4) holding that the revolutionary war and land reform waged under party leadership and even the socialist system itself depress and ruin human nature; 5) in theoretical circles, confusing a person's nature with his natural properties and abilities. As a result of this, people have begun to believe that "writing about emotion means writing about love, and writing about love means writing about sex." Such a viewpoint and tendency has, in reality, only opened the way

for vulgar works advocating "sexual emancipation" and promising sensual excitement. There is an urgent need for further analysis, study and criticism of such a viewpoint and tendency.

5. Serving the masses and socialism is the fundamental orientation of our literature and art. The reason that literary and art creation has been able to achieve such outstanding results and to win the support and praise of the broad masses of the people in recent years is that, through the accurate portrayal of people's lives, this creation has expressed the thinking, the emotions, the aspirations and the demands of the people. Serving the people means regarding the people as an entity and as a decisive factor stimulating the advance of history, and means serving the people's fundamental interests and desires. Hence we certainly cannot separate serving the people from party leadership and the socialist system, nor can we set them against each other. However, certain literature and art workers claim to be the people's spokesmen on the one hand and adopt a posture of opposing "the politics of government" and "official politics" on the other. There are others who announce that they will stand on the side of the people whenever any conflict emerges between the party and the people. However, it can be said with certainty that any attempts to drive a wedge between the party and the people or any attempt by the so-called representatives of the people to deviate from the party and the socialist system will inevitably come to naught. We can also say with certainty that the people have no need for such representatives. The ideological sentiments expressed in the works of those writers who profess to "stand resolutely on the side of the people" are invariably those of individualism and anarchism. The people openly decided long ago whether such ideological sentiments are beneficial or damaging. There are also some writers who regard "box-office value" as the sole criterion for judging whether the masses are being served well or badly. In fact they are just catering to and satisfying vulgar and backward emotions and interests not yet overcome by a part of the masses. This is quite different from truly serving the people. Comrade Mao Zedong pointed out 40 years ago that, "undertakings which truly serve the masses of people are now certainly under the leadership of the proletariat." History has borne witness to the truthfulness of this judgment. Only those writers and artists who uphold the four basic principles will ever become true representatives of the people's interests and will ever be able to create good works that suit the basic interests of the broad masses of the people.

6. In literature and art creation, reflecting the essence of life should be the meaning of the task "writing about the truth." So-called artistic truth, however, does not refer to the simple copying of the phenomena of life, but to using living artistic images to expose the inherent connections and objective trends that exist in and between objects. In literature and art theory and practice, some people set "writing about truth" against "writing about the essence" and confuse "writing about the essence" with embellishing life and advocating "hiding the truth and deceiving people." This both violates the Marxist theory of cognition and also belittles and twists the truth of literature and art. Just as the affirmation of simple facts cannot be termed "truth," the naturalistic portrayal of the daily phenomena of life cannot be called "artistic truth." Artistic truth should be the reproduction

of the real essence of life. The most essential things, however, are always concealed by the superficial phenomena of daily life. Therefore, in order to achieve artistic truth one must explore and uncover the details and true meaning of life and condense them artistically. If one is incapable of seeing the "deep currents" of life and notices only the froth on the surface and the dress, and if one does no more than list life's phenomena, exaggerating catastrophic scenes and displaying only ugly phenomena, this will not only distort the true face of life, confuse people's understanding and create bad social effects but will eventually also bring into question the artistic content of the things described.

Our socialist literature and art are developing healthily. We firmly believe that so long as efforts are made to study, and regular attention is paid to guarding against and overcoming bourgeois liberalization and other unhealthy trends, our socialist literature and art will certainly be able to achieve even greater success. As a crude outline of several questions concerning creation, this article provides reference material for further discussion among comrades in literature and art circles. If there are places where the wording or analysis is either imperfect or simply erroneous, we sincerely hope that readers will offer their criticism.

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A BRIEF DISCUSSION OF THE THEORY OF 'NATURAL RIGHTS'

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[Article by Gu Chunde [6253 2504 1795]]

[Text] Not long ago, the theory of "natural rights" established by the bourgeois thinkers became one of the most important "theoretical" bases of the bourgeois liberal trends prevailing in Chinese society. Therefore, it is absolutely necessary to conscientiously observe and study the theory of "natural rights," expound the historical process of its emergence, development and progressive role, and point out its hypocritical and limited nature and its class essence.

I

The theory of "natural rights" was a product of historical development. It sprouted during the Renaissance in Europe. The 14th and 15th centuries marked the darkest period of feudal and autocratic rule in Europe. The feudal production relations severely hampered the development of the capitalist economy, and the feudal lords and churches brutally exploited the broad masses of serfs. The feudal state rule and the shackles of the church were unprecedentedly strengthened and class contradictions became increasingly acute. Under the trammels of the feudal production relations and the heavy oppression of the feudal hierarchy and church privileges, the oppressed classes were not treated as human beings. In particular, the bourgeoisie, which had emerged, did not possess any human rights. Those who were the representatives of commodities and currency lacked the freedom of carrying out commodity exchange and circulation, those who amassed enormous wealth were not allowed to enjoy comforts, and the masters of science and technology were brutally ruined. Hence, humanity, human rights, freedom and the emancipation of individual character naturally became the basic demands of the bourgeoisie. A fierce struggle between the bourgeoisie, feudal class and churches occurred in the ideological field. The Renaissance in Europe, which started in the 14th century and reached a high tide in the 15th century, was a concentrated manifestation of this struggle. Some early bourgeois thinkers ruthlessly attacked and repudiated Roman Catholicism and its decadent feudal ideology comprising mainly scholasticism and theology. They began to express their views on the rights of individuals from the angles of the reason, dignity and happiness of man. The ideological "natural rights"

had already murkily developed, although they were not explicit. They ushered in the dawn of capitalism.

The theory of "natural rights" was formally established and developed during the period of bourgeois enlightenment in the 17th and 18th centuries. Those who initiated the theory included Hugo Grotius of Holland, John Locke of England and Jean-Jacques Rousseau of France. Proceeding from the rationality of mankind, they put forth for the first time the idea that the rights of individual freedom, individual happiness, acquisition of property and self-defense were innate and inborn in mankind, which even God could not deny, to counter feudal autocracy, feudal hierarchy and the theological concept that "power is granted by God." Grotius said that mankind was entitled to "natural rights." According to his interpretation, the contents of such "natural rights" included "life, freedom and property." Rousseau stressed that "every human being is born free and equal." They maintained that feudal rulers violated and sabotaged these rights of man and that people had the right to overthrow the feudal rule. According to inferences and hypotheses made by bourgeois thinkers, the so-called "natural rights" were nothing but basic rights enjoyed by people as human beings, that is, the rights of man. Their main contents included the right of existence, the right of freedom, the right of equality, the right of property, the right of self-defense, the right of resistance, and so forth. These rights are natural, eternal, universal, untransferable and inalienable and would never change regardless of time, place, nationality, background or environment. They came into being prior to the establishment of the state and law, or even the existence of mankind. The state and law could neither fix nor change them. This was the initial meaning of the theory of "natural rights."

The theory of "natural rights" reflected the characteristics of the capitalist production relations and represented the interests and demands of the bourgeoisie. Therefore, once it arose, it was accepted and welcomed by the bourgeoisie and became the theoretical basis of the bourgeoisie for repudiating the old order of feudalism. In the 17th and 18th centuries, the bourgeois revolution erupted in England, America and France. "Natural rights" became the basic contents of the political program of the revolutions. The "Declaration of Independence" of the United States and the "Declaration of the Rights of Man and of the Citizen" of France, issued in 1776 and 1789 respectively, were permeated with the principle, spirit and contents of the theory of "natural rights." The "Declaration of Independence" explicitly says: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their 'creator' with certain inalienable rights, and that among these are life, liberty and the pursuit of happiness." The "Declaration of the Rights of Man and of the Citizen" explicitly proclaimed: "All men are born free and equal in rights," "The purpose of any political integration is to preserve the natural and unshakable rights of man. These are rights of liberty, property, safety and resistance to oppression." The "declaration" particularly emphasized: "Property is a sacred and inviolable right." After the victory of the French bourgeois revolution, a number of constitutions were drawn up. Each constitution continued to affirm the principle of "natural rights" and stated that the principle of the "Declaration of the Rights of Man and of the Citizen"

should be "scrupulously observed." At present, the basic rights of man and citizens have been stipulated in the constitutions of a number of bourgeois countries in the world. Hence, "natural rights" not only originated from natural law, but were also recognized and affirmed by substantive law. At that time, the implications and contents of "natural rights" were more extensive than when they were first established, because they actually included various basic rights of the citizen.

It is obvious that the theory of "natural rights" has become not only an important content of the bourgeois democratic system, but also its theoretical basis and the dogma which the bourgeoisie believes. In spite of the fact that the specific implications and contents might change in this way or that, its bourgeois character will never change.

II

The theory of "natural rights" in opposition to theocracy and monarchical power did play a fairly great progressive role in opposing the rule of feudal autocracy. However, we should realize that although the theory of "natural rights" flaunted the banner of the interests of common people, it actually represented and reflected the rights and interests of the bourgeoisie. Marx pointed out sharply that "natural rights" were actually the privileges of the bourgeoisie because their nucleus was the right of property. In a capitalist society, such rights can only be monopolized by the owners of capital. Marx also profoundly stressed: "Equally exploiting labor force is the main human right of capital." ("Collected Works of Marx and Engels," Vol 23, p 324) He affirmed that the relations of exploitation between capitalists and laborers, safeguarding the bourgeois rights of private property, and ensuring the capitalists' rights of freedom in trade and exploitation were the class essence of the theory of "natural rights."

Furthermore, the theory of "natural rights" is an out-and-out bourgeois idealist conception of history because, first of all, this theory regards human rights as "natural." This has distorted the historical cause for the formation of human rights. The Marxist theory of the state and legal theories tells us that the so-called rights refer to certain rights and interests which law bestows on people and that those who enjoy these rights are entitled to act in a certain way and demand that other people react accordingly. Rights and duties complement each other and are closely related. "There are no rights without duties nor duties without rights." ("Selected Works of Marx and Engels," Vol 2, p 137) They emerge, exist and develop simultaneously. Rights are neither innate nor exist naturally, nor are they created or bestowed by God. The establishment of rights is closely connected with the formation of class, state and law. Before the occurrence of class, state and law, no such thing as the exploitation of man by man could or would exist in primitive society. Therefore, the situation of some people having rights and some others not having rights could never occur. Just as Engels said: "Within a clan system, there was no difference between rights and duties." ("Collected Works of Marx and Engels," Vol 21, p 180) It was only after the occurrence of the exploiting and exploited classes and the formation of state and law that rights and duties were differentiated and

set against each other. "It seems that all rights have been bestowed upon a class and that all duties pushed on another class." (*ibid.*, p 202) It is obvious that no human rights are innate, but are all recognized, stipulated and endowed by the state and law.

Moreover, owing to the fact that the theory of "natural rights" regards human rights as "eternal" and "fixed and unalterable," it negates the objective law of the development and changes of the rights of man. Dialectical materialists maintain that all things in the world are constantly on the move, developing and changing. Nothing is eternal, fixed, unalterable or absolutely static. Rights as social phenomena are no exception. It is absolutely impossible for "eternal" and "fixed and unalterable" rights to exist. Man is neither isolated nor unrestrained. Man is a summation of social relationships. In a class society, any man as a member of a class finds himself in such a social relationship. The position of "man" in the social relationship is constantly changing. In the meantime, the nature, contents and scope of rights are also continuously developing and changing. The development and changes of rights are determined by economic conditions and the nature of the social system. Rights of a different nature will occur under different economic conditions and sociopolitical systems. At the same time, the scope and contents of rights of the same social nature will also change. "Natural rights" are rights of a capitalist nature, and their contents and scope are not the same in different stages of capitalist development. Negating the changes and development of the contents and scope of rights is a metaphysical view. Rights belong to the category of superstructure, and their existence and development cannot be separated from or exceed the material conditions and scientific and cultural level of the society. Just as Marx pointed out, "Rights can never exceed the economic structure of the society or the cultural development of the society restricted by the economic structure." ("Selected Works of Marx and Engels," Vol 3, p 12) If we talk about rights without taking into consideration the nature of the political system or the economic conditions and scientific and cultural level of the society, we will not only fail to truly bring to light the objective laws governing the development of rights, but also obliterate the class nature of rights and are liable to lapse into the quagmire of idealism. The stipulations of law on rights cannot be arbitrarily decided by legislators, because economic and cultural conditions, class contradictions and class struggle have to be taken into account. The exercise of rights has to be guaranteed not only by a constitution and laws but also by fundamental material conditions. If we only proclaim or stipulate certain rights in a constitution and laws without reliable economic and cultural conditions as a basis and guarantees to ensure their realization, all these rights can only be empty phrases which cannot be realized.

Furthermore, the theory of "natural rights" regards the rights of man as "absolute" and "unrestricted." Such a view distorts the characteristics and attributes of the rights of man. Facts have proved that absolute and unrestricted rights never occur. Even the founders of the theory of "natural rights" could not deny this. Spinoza admitted that people's freedom of speech should not go beyond the limit of disturbing the tranquility of society and harming the authority of the rulers. Montesquieu said more

directly: "Political liberty does not mean that people can do as they please," "Liberty means that people can only do what is permitted by law." ("On the Spirit of Law," Vol 1, p 154) While proclaiming "natural rights," the "Declaration of the Rights of Man and of the Citizen" also restricted these rights, saying: "Liberty refers to all acts which do not harm other people," "The enforcement of each individual's natural rights should be confined within the limits that other members of the society can also enjoy the same rights." All these expositions and stipulations show that rights are neither absolute nor unrestricted. They always have strings attached and restraints. In a capitalist society, rights are limited to the scope of the interests of the bourgeoisie and the "scope permitted by the law" of the bourgeoisie. They are not allowed to hamper the bourgeois rights of property, rights of politics and ruling order.

Lastly, it is because of the fact that the theory of "natural rights" regards the rights of man as "universal" that it conceals the class nature of the theory. Since the establishment, existence and development of rights are connected with class and they are bestowed by the state and law, they cannot be "universal" and treat all classes equally without discrimination. In a class society, "man" does not transcend classes and national boundaries, but belongs to a certain class and nation. Any rights of man are rights of class, which are characterized by a distinctive class nature. The theory of "natural rights" replaces man belonging to a class with abstract "man" and the class nature of rights with the "universality" of rights. All this fully exposes the hypocrisy of this theory. In a capitalist society, rights are based on the antithesis between classes. The bourgeois state and law protect the rights of the bourgeoisie, and restrict and expropriate the rights of the proletariat. The rights of man and other democratic rights stipulated in the constitutions and laws of bourgeois states are true for the bourgeoisie and can be realized. The reasons are simple. It is because the bourgeoisie controls state power, wields the power for formulating and enforcing the law and possesses the means of production and all material conditions for exercising democratic rights. It relies on the state power to maintain its property relationships and rule of capital. Owing to the fact that the proletariat and the laboring masses do not possess any of these things, to them rights stipulated in laws are no more than empty talk which cannot be realized. The reason why bourgeois countries contain such high-sounding stipulations in their constitutions and laws is to deceive the proletariat and the laboring masses, mitigate the contradictions between the proletariat and the bourgeoisie and do some window dressing for the democracy and freedom of bourgeois nations. In the final analysis, their purpose in doing so is to maintain the reactionary rule of capitalism. Right from the first day when the bourgeoisie made its promise to the proletariat and the laboring masses, it never intended to make good this promise. On the contrary, it tried by hook or by crook to restrain and prevent the proletariat and the laboring masses from exercising their rights of democracy and freedom by utilizing its constitutions and laws. More and more such restrictions have been imposed. For example, the present U.S. federal law explicitly stipulates that nobody is allowed to use freedom of speech and of the press to "harass society" and propagate "violent revolution." With regard to the right to vote, many restrictions have been imposed, including the level of education, property

conditions, length of residence, and so forth. The government can at any time use administrative orders to deprive the laboring people of their basic rights. Under such circumstances, it is difficult for the proletariat and the laboring masses to exercise their democratic rights which will protect their class interests, but also harm the interests of the bourgeoisie. Therefore, while using the rights of democracy and freedom and various civil rights stipulated in the constitutions and laws of the bourgeois countries to carry out "legal" struggle against the bourgeoisie and strive for the improvement of their political status and living conditions, the proletariat and the laboring masses should not be misled by the false appearances of bourgeois democracy and freedom. They should constantly raise their class consciousness and carry out their struggle to overthrow the reactionary rule of the bourgeoisie.

In a word, the rights of man are not "natural," but conferred and stipulated by the state and laws; the rights of man are not universal, but characterized by distinct class nature; the rights of man are not abstract, but specific; the rights of man are not absolute, but restricted by laws and ethics; the rights of man are not eternal, fixed and unchangeable, but their nature and applicable scope change as man's role in the material productive conditions and position are constantly changing. Different countries with different social systems have rights of different class characters. This is the basic viewpoint of Marxism-Leninism on the rights of man, which is sharply antagonistic to the theory of the "natural rights" of the bourgeoisie.

III

It is true that Marxists do not deny human rights altogether, but adopt an attitude of historically and specifically analyzing them. In the present-day world, "human rights" have become a popular slogan which is widely accepted by various countries and a tool for carrying out modern international and political struggle. With the progress of history, the concept of human rights has also undergone a new development. For example, in the past 10 or 20 years, the newly emerging countries--the Third World--have put forth a series of rights upholding national self-determination, defending the independence and sovereignty of nations, developing the national economy, freely dealing with various countries' wealth and natural resources, opposing foreign aggression, oppression and plunder, and demanding that a rational and new order based on the equality of various nations be established in international economic relations. All this has infused new contents into the concept of human rights. It has occurred as the opposite of imperialism, colonialism, racism and hegemonism and marks an important development of the traditional concept of human rights. This has further developed the concept of human rights. Of course, we agree to such a progressive concept of human rights and support the international struggle based on it.

In building socialist democracy, we should adopt an analytical and critical attitude toward the traditional concept of human rights, which was smashed by the emerging national and democratic movement as early as after World War II. We should interpret human rights in a way which conforms with Marxist principles. Moreover, we should use more scientific and truthful

concepts--the rights of citizens--to expound our country's view on human rights. However, some people appreciate the theory of "natural rights" as a gem, saying that "man is born with the right to democracy and freedom" and that "absolute freedom of thinking and speech should be guaranteed." Some people even advocate that the bourgeois multiparty system and parliamentarism and election system be introduced to socialist China. They believe that the "socialist system is not as good as the capitalist system" and that "socialist democracy is inferior to bourgeois democracy." To them, Marxism-Leninism-Mao Zedong Thought no longer works and what they do is seek help from the bourgeois theory of "natural rights." The reason for the occurrence for this ideological trend is: During the 10 chaotic years, the Lin Biao and Jiang Qing counterrevolutionary cliques sabotaged the socialist democratic system and this ideological trend is a kind of historical punishment. Apart from that, in recent years, some people have been influenced by bourgeois ideology from abroad. Actually, the Chinese people had experience of the theory of "natural rights" long ago. Early this century, when Marxism had not yet been disseminated in China, Chinese bourgeois thinkers introduced the theory of "natural rights" to China from Western countries as a "new learning." They tried to use this theory to rescue old China, which was dark and backward, and establish a bourgeois republic. What was the result? Their efforts ended in failure. People who know a bit about modern Chinese history have probably not forgotten this. The theory of "natural rights" did not work in old China, let alone in the new period of socialism. If the theory of "natural rights" is preached again, does that not mean a great retrogression of history?

It is undeniable that there is room for improvement in our country's socialist superstructure and there are some shortcomings in certain aspects of our state system. However, what strength should we rely on to eliminate these defects? We should only rely on the strength of the socialist system and the broad masses of people and the leadership of the Communist Party and the guidance of Marxism-Leninism-Mao Zedong Thought, bring into full play the role of socialist democracy and improve the socialist legal system. We should on no account seek help from the bourgeois theory of "natural rights." Since the 3d Plenary Session of the 11th CCP Central Committee, the party and government have adopted a series of effective measures and done a lot of work to carry forward socialist democracy and improve the socialist legal system. We have reexamined and redressed throughout the country a great number of false charges, wrong sentences and frame-ups; implemented policies for cadres, intellectuals and nationalities and other policies; and strengthened the work of the people's congresses at all levels, established permanent organs for the people's congresses at the provincial and county levels, and established direct elections for people's deputies at and below the county level. We have restored and improved staff members' representative assemblies and drawn the masses to participate in state affairs, economic and cultural affairs and the affairs of social development. We have carried out criticism and self-criticism in the press and strengthened the masses' supervision over the organs of the party and government and their working personnel. We have strengthened legislative and judicial work and enacted a series of basic laws, including criminal law, law on criminal procedure, law on civil procedure, law on economic contracts and so forth. Our country's legal

system is being gradually improved. The execution of these measures has guaranteed people's democracy and expanded their rights of being the masters of their own affairs. In particular, the "Guiding Principles for Inner-Party Political Life," adopted by the 6th Plenary Session of the 11th CCP Central Committee, has stressed that our country "will gradually build a highly democratic socialist political system" and that the building of the state organs at all levels should be strengthened in accordance with the principle of democratic centralism so that people's congresses at all levels and their permanent organs will become authoritative organs of state power of the people. We should gradually promote people's direct democracy in basic-level organs of state power and social life and exert great efforts to develop the laboring masses' democratic management in production. All this incontrovertibly proves that only the socialist system can ensure the full exercise of the people's various rights. It will not work and can only become frivolous and fantastic talk if we deviate from socialist democracy and the legal system and socialist modernization to talk about the problem of human rights.

Our country's socialist democracy is being strengthened and developed. It is, in essence, far superior to bourgeois democracy. It ensures the democracy of the majority of people to be the masters of their own affairs. Socialist democracy is democracy in both name and reality. The idea that "socialist democracy is not as good as bourgeois democracy" is a groundless bias. We firmly believe that in the struggle of the people of the whole country for building socialist material and spiritual civilization, our country will continue to expand the people's democratic rights and establish the most extensive and beautiful socialist democracy of mankind.

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STRENGTHEN SOCIALIST EDUCATION IN THE COUNTRYSIDE

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[Article by Fan Kang [5400 1660]]

[Text] In the rural areas of our country, the implementation of the principles and policies worked out since the 3d Plenary Session of the 11th CCP Central Committee, and particularly the recent years of extensive practice of the various forms of production responsibility system, has aroused the enthusiasm of the masses of peasants; grain production and the diversified economy have been rapidly revived and developed and the livelihood of the overwhelming majority of the peasants has been improved in varying degrees. This is a situation that has not been seen for many years. However, at the same time we must see that this is just a beginning, the foundation has still not quite been consolidated, and quite a few new contradictions and new problems have surfaced. Therefore, it is imperative to continue to exert arduous efforts, strengthen investigation and study, work in a down-to-earth manner, and especially give more effective leadership to the ideological position and do more extensive and thorough ideological and political work among the broad peasant masses.

What is the basic task of the ideological and political work of the CCP in the rural areas at present? Briefly, it is to persevere unremittingly in carrying out socialist education among the peasant masses.

The vast numbers of peasants have consistently held an important position in the Chinese revolution and construction and have made and are continuing to make their unique important contributions. Since the founding of the PRC, our party has adopted a series of correct policies and measures and led the hundreds and millions of peasants in taking the socialist road. There is no doubt that the broad peasant masses have a reservoir of enthusiasm for socialism. Then does this mean that we need no longer carry out socialist ideological education among the peasant masses? That is really not so. China is a big country with a history of more than 2,000 years of feudalism. The influence of the ideology and habits left over by the age-old mutually separated individual economy is deep-rooted in the rural areas. At the same time, because of the "leftist" mistakes committed in our guiding ideology in the past, and particularly the sabotage carried out for years by the Lin Biao and Jiang Qing counterrevolutionary cliques, egalitarianism, poverty, unitary

system of the means of production and the single-product economy, excessively rigid control, and so on, were regarded as the so-called essential properties of socialism and the peasants were forced to accept them, thus bringing about great confusion in people's minds. Over the past few years, in encountering this state of affairs, our party has resolutely brought order out of chaos and established the production responsibility system, a new form of operation and management, in the light of the need for reviving and developing production. This is a great change in the countryside. Quite a few people have failed to follow up ideologically, or they have misunderstandings, doubts and misgivings in one respect or another, which can be summarized in incisive questions: Is what is being practiced now aimed at practicing socialism? Do we still need to practice socialism? Practice demands the party of the working class to frequently give ideological and political education and provide correct guidance to the peasants. The rural party committees at various levels must frequently imbue the peasant masses with correct but not distorted socialist ideas (including the socialist road, socialist policies and the future of socialism) with specific objects in mind and help them more conscientiously continue to forge ahead along the path charted by the 3d Plenary Session of the 11th CCP Central Committee.

In the light of the actual situation at present, in carrying out socialist education, we must concentrate on the following tasks:

First, extensively and thoroughly propagate the correctness, great significance and socialist nature of the principles and policies of the CCP Central Committee since its third plenary session.

The vast numbers of peasants all understand that the improvement of their livelihood over the past few years is the product of the party's principles and policies since the 3d Plenary Session of the 11th CCP Central Committee. During the 10-year turmoil, there was a peasant in a rural area of north-western Shandong Province who toiled all the year round without enough to eat and wear. He sought divine advice and promises year after year, but life for him still did not show the slightest improvement. The new policies formulated by the 3d Plenary Session of the 11th CCP Central Committee, especially after the implementation of the production responsibility system, enabled his family to come into their own economically at a rapid pace and to embark on the road to prosperity. After the autumn harvest last year, seeing that their house was full of grain and cotton, his daughter-in-law teased him: "Dad, are you still going to seek the advice and help of gods this year?" The old man cheerfully answered: "Oh, no, no. We must attribute all we have today only to the 3d Plenary Session of the 11th CCP Central Committee!" Look, the old man in a remote district also knew that his prosperous life was the result of the correct policies of the CCP. The "leftist" rural policies practiced during the "Great Cultural Revolution" brought about one result, and today's correct rural policies have produced another result. Contrasting these two results, the peasants have a very clear idea in their minds. We must firmly grasp this favorable opportunity and adopt various vivid and vigorous as well as concrete and effective forms to propagate the party's rural policies, and particular stress should be put on the socialist nature of these series of policies so that the peasants can

see through their own immediate interests the brilliant prospects of the socialist collective economy and have a deeper love for socialism.

At present, because the remnants of "leftist" ideology are still playing a role, some cadres of the communes and their subdivisions regard one or two concrete forms of the production responsibility system (such as the system of fixing output quotas for individual households and that of assigning the households full responsibility for task completion) as the practice of dividing the fields and working alone and as retrogression to the old society and oppose and obstruct them as a result. Owing to the ideology and habits left over by the old society, some peasants consider the production responsibility system as a practice of "everyone looking after himself" and as nothing to do with socialism. Although these two kinds of erroneous ideas vary to some degree, they all stem from the misunderstanding of our policies. Our party's ideological work must have a definite object in view. At present, efforts must be concentrated on eradicating these misunderstandings. The overwhelming majority of the peasants are very happy about the present policies, but at the same time, they are afraid that the policies might change at any time. So, some of them go to the entrance of their villages to wait for newspapers every day. This idea of being afraid that the present policies might change at any time is, of course, related to the mistakes existing in our work on the one hand and is caused by the fact that they have an insufficient understanding of the socialist nature of the present policies, do not feel secure about the present policies and thus lack the proper steadfastness on the other hand. We must clearly state that the production responsibility system is only a change in the operation and management of the socialist agricultural collective economy and it does not touch on the system of collective ownership of the basic means of production. Take, for example, the system of assigning to the households full responsibility for task completion. It is a relationship of a contract between the peasant households and the collective, a relationship which is based on the system of public ownership of land. This system puts land, large-scale farm machines and tools and water conservancy facilities under the unified administration and use of the collective, accepts state planning and guidance, has certain public deductions, arranges the livelihood of the families of armymen and martyrs, the households enjoying the "five guarantees" and the families with material difficulties in a unified way, and in some cases it carries out agricultural capital construction in a unified plan. So it is a component part of the socialist agricultural collective economy rather than the individual economy of small private ownership existing before cooperativization. Along with the development of the productive forces, it will develop and become a more perfect collective economy step by step. We must still clearly state that our party and government will uphold that the road of socialist collectivization, and that the system of public ownership of the means of production such as land will not change for a long period of time and that the implementation of the production responsibility system in the agricultural collective economy will not change for a long period of time. So, the peasants can set their minds at rest.

The rural grassroots party organizations generally attach importance to carrying out ideological and political education among the peasants. The

problem is that some localities regard this ideological and political education only as a means of bringing a certain concrete policy into force (it is necessary). They more often than not judge the case as it stands and neglect to carry out such education on the higher plane of the whole socialist education. The purpose of any work we communists do is both to attain the current concrete goal and to fundamentally enhance the socialist consciousness of the masses. Putting one-sided emphasis on concrete work at the expense of the big goal of educating the peasants in what is of fundamental importance is a tendency of routinism, which we must take care to guard against and overcome.

Second, carry out the education of correctly handling the relations of the state, the collective and the individual in a regular and sustained way.

In the rural collective economy, the relations of the state, the collective and the individual are more distinctive than those in the national economy and are more fully manifested in the various aspects of production and livelihood. This requires us to constantly pay attention to studying and readjusting it. Practice has consistently put these problems before the party's ideological and political work and has demanded that we adapt ourselves to different conditions and adopt different forms to find correct answers. The introduction of various forms of the production responsibility system in the rural areas, and particularly the form of fixing output quotas for individual households and the form of assigning the households full responsibility for task completion, has all the more made the correct understanding and handling of the relations of the state, the collective and the individual become a fairly striking problem. Take, for example, the form of assigning the households full responsibility for task completion. It raises the formula: "Hand over the amount originally agreed upon to the state, reserve the full amount for the collective and the rest is all one's own." This is a formula for handling the relations among the three parties. There is inevitably a struggle of different ideas in this respect. The other forms of the production responsibility system put solutions to the problem of the relations of the state, the collective and the individual in their own ways, and there are also ideological contradictions of one kind or another in this respect. This is not in the least strange. This is because putting principles into effect invariably requires a complicated process and is usually not as direct and smooth as one would wish. In addition, people's ideological consciousness is not uniform and in this respect there is a distinction between the advanced and the backward; in terms of people's vision, there is a difference between the farsighted and the shortsighted. There is a lot of work to do in unifying people's understanding. Therefore, we must conduct ideological work in a thoroughgoing manner.

In order to educate and lead the vast numbers of peasants in correctly handling the relations of the state, the collective and the individual, it is necessary to uphold the principle of simultaneously taking the interests of the state, the collective and the individual into account and not to concentrate on one thing only. At present particular stress should be put on the following tasks: 1) Take the planned economy as the dominant factor and regulation by market mechanism as the supplementary factor. This fundamental

principle is also applicable to the countryside. Giving play to the decisionmaking power of communes and their subdivisions must be carried out under the state's unified planning. Going beyond the orbit of state planning will directly or indirectly infringe on the interests of the state. That is entirely wrong. One of the important reasons for some localities unrestrictedly expanding the area sown to tobacco and reducing pig breeding is that the peasants do not pay proper attention to ensuring the fulfillment of state plans. We must repeatedly emphasize to the peasants that the economy can be reinvigorated only under the guidance of state planning. It is wrong to impose excessively rigid control over everything, but anything which should be carried out in a centralized way must be properly put under unified administration. The peasants are only allowed to carry out their activities within the bounds of state planning. This will be conducive to the long-term interests of the peasants and the state can smoothly carry out its construction as a result. Departing from the guidance of state planning to seek the development of the small collective and even that of the individual will inevitably damage the interests of the entire people including the collective and the individual. Naturally, it is essential not to indulge in harmful directives, but correct state planning is absolutely indispensable. Therefore, while implementing the production responsibility system, it is imperative to strictly observe state planning, resolutely perform production contracts in full and not to violate them in any sense of the term. To ensure the interests of the state, it is essential to strictly act according to the guidance of state planning and carry out the state purchases and assigned quotas without fail. Correctly handling the relations of the state, the collective and the individual must first find expression in this respect. 2) At present, some peasants are not so enthusiastic about making deductions to the collective and even refuse to fulfill their obligations. It is obviously wrong for them to lump together the practice of some cadres taking more than their share with collective deductions. The collective deductions we have referred to here partially include various fields, such as accumulation funds and public welfare funds. The necessary subsidies for cadres constitute only a tiny amount of collective deductions. All this is indispensable for consolidating the socialist collective economy. If the socialist collective economy is fundamentally shaken, the whole interests of the state will not be ensured and our personal interests will lose their backing. Therefore, we must never set the interests of the individual against those of the collective. The vast numbers of rural cadres assiduously serve the people and a considerable number of them are so devoted to public service as to forget their own interests. There does exist the phenomenon in which a tiny number of cadres take more than their share. Our party resolutely opposes this practice. It confuses right and wrong to equate collective deductions with the practice of cadres taking more than their share. Using opposition to the practice of cadres taking more than their share as an excuse to refuse to provide deductions to the collective is in fact the reflection of the selfish mentality of small production. People with these erroneous ideas are expected to make amendments through education. Concerning oneself with the interests of the collective and safeguarding collective property are the basic requirements for the socialist collective peasants. Particular attention should be put on this point. 3) At present, a small section of peasants concentrate only on personal gains. Consciously

or unconsciously, they seek one-sided development of themselves by trying to separate the personal interests from the relations of the state, the collective and the individual, a relationship which is inseparable. Some of them even harm the collective or use the pretext of boosting the interests of the collective to fleece the state. This is a harmful tendency. We must adopt effective measures to correct it rather than let it go unchecked. The production responsibility system is a means of socialist operation and management. In both the system of fixing output quotas for individual households and that of assigning the households full responsibility for task completion, there are both unified administration, and contracting rather than exclusive contracting. What is fundamental and plays a decisive role is the socialist economy. This is a major premise which brooks no violation. It is inevitable that differences will emerge, in that some commune members will become prosperous earlier and some later and that there will be differences in varying degrees among commune members. People who have now become prosperous or highly prosperous must enthusiastically help, on their own accord, those who have material difficulties for the time being. They must only look after themselves, still less infringe on the interests of others and the state. The relations of mutual aid in unity between the people is one of the important indications of socialist society. Opposing selfishness and encouraging the idea of doing everything for the country and the public are precisely an important content of socialist education. We must consistently pay close attention to it.

Third, carry out education in maintaining social public security and improving social customs in a big way.

Over a period of time, in some places in the countryside there have been various disputes and contradictions and a strained relationship among a section of people. What brooks no neglect is that some phenomena of breaking laws and violating discipline have developed. While rejoicing at the development of production and the improvements of livelihood, the broad masses of peasants feel anxious only about the worsening social public security. We must not treat the voice of the masses with indifference. The rural basic organizations must give full play to the role of political power inherent in them and adopt effective measures in maintaining social public security. Of course, it is first necessary to carry out education in a widespread way, mobilize men and women, old and young in the countryside to bring the superiority of socialism into play and to wage resolute struggle against the crimes of a handful of people by relying on organized forces. In some places, and particularly in some coastal rural areas, where there is no regard for productive labor, some peasants engaged in speculation and profiteering and even smuggling, thus committing economic crimes. We must oppose the corrosive influence of bourgeois ideas and deal blows at all offenses against the law, which endanger the socialist system.

With regard to the various conflicts of interests among the peasant masses, we must widely build socialist spiritual civilization through activities such as the "rules and regulations for villagers" and "five-good families." Everybody is encouraged to foster good ideology and good work style, such as loving the country as one's own family, putting other people's interests

ahead of one's own and helping each other in unity to build a new socialist countryside. Some of our comrades more often than not have a one-track mind and concentrate on one thing only when they begin to work. When they are called on to grasp production, they exclusively concentrate on production. They do not attach proper importance to the building of socialist spiritual civilization. They little imagine that without the building of socialist spiritual civilization, production will certainly suffer. Therefore, the education in maintaining social public security and improving social customs should also be taken as a consistent basic task of our party's ideological work in the rural areas.

It cannot be denied that the introduction of the various forms of the production responsibility system in the rural areas has caused some new problems, both in organizational forms and work methods, for the party's ideological and political work. Now, with regard to propaganda and education work among the peasants, we must do it in a more thoroughgoing, solid and practical way, with the aim of really seeking solutions to the various problems to which the peasants pay close attention and about which they have no idea. Ideological and political work like this will be really welcomed by the peasant masses. In some places in the countryside, cadres of certain production teams refused to take further part in collective affairs. Such being the case, the commune members organized themselves spontaneously and had "team activities" at a fixed time (say, a month or half a month) to keep abreast of state affairs and study the teams' own affairs. Facts have proved that the peasants concern themselves with state affairs and need ideological and political work. The problem is that we must find a new method suited to the new conditions. After substantially reducing the interference in economic matters, the rural party branch committees must exert more energy and effort on studying the ideological conditions of the peasant masses, studying the party's principles and policies and carrying out ideological education among the peasants in a way that suits the remedy to the case. After diverse forms of the production responsibility system were introduced, we had more, rather than fewer, backbone elements whom we could rely on. The basic party organizations must establish various forms of relations with them and arouse them to carry out vivid and vigorous socialist education among the peasant masses, closely centered on the main subject of continuing to implement the party's rural principles and policies and making further advances amid the already very good rural situation and prospects. In carrying out socialist education among the peasants, it is first necessary to strengthen the party ranks and rely on them in carrying out vivid and vigorous propaganda and education work among the broad masses.

Our party has accumulated rich experiences in the mass work which the party has carried out in the countryside for long years, the most important of which is the pressing need to give play to the exemplary role of party members and the vanguard role of rural youth. At present, some rural party members ask the party branch committees for assignment of tasks to carry out ideological work among fixed households of their own accord. With a sense of pride rarely seen for many years, some veteran party members who were enthusiasts in the years of the land reform and are now already 50 or 60 years old contracted to contact and arouse large numbers of peasant

households to help the poor become prosperous and to foster healthy practices and drive out unhealthy ones. They have done their work successfully. By working independently, they have enhanced their ability and won the respect of the masses. Young people invariably constitute a dynamic force. They are highly energetic and full of vigor, and they are the ones least influenced by old conventions. Party organizations must organize them through the CYL and help them to give full play to their proper and great role in carrying out socialist education and in building a new socialist countryside. So long as the leading members of the rural grassroots party organizations take the lead and closely rely on the two forces--the vast numbers of party members and young people--and create various effective methods in practice, rural ideological work will certainly be carried out in a vivid and dramatic way and will bring about incalculable material results.

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CHANGE HABITS AND CUSTOMS AND MAKE THE ENVIRONMENT MORE BEAUTIFUL

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 41-43

[Article by Yang Rupeng [2799 1172 7720]]

[Text] In carrying out courteous activities of the "five stresses and four points of beauty," the leading comrades of the CCP Central Committee have taken the lead and set good examples by participating in cleaning up and public health activities as well as by planting trees. But some people regarded these activities as a trifling matter and thought that it was unnecessary for leading comrades to take the lead and mobilize the masses. Are tree planting and public health activities important matters, and do they have any social significance?

The beautification program and public health activities are in the interest of improving the health of the entire nation. An environment that is covered with trees and shrubs, that is clean and beautiful, will help people to get rid of dirt, diseases, pollution, noise, and certain miseries and annoyances caused by natural calamities, and will improve people's physical well-being and make them happy and vigorous. The influence of the hygienic environment on the health of people is easy to understand. Marx said that public health work was important because this work would "protect the health and well-being of the labor force which is the basic source of all value." ("Collected Works of Marx and Engels," Vol 26, p 159) Comrade Mao Zedong also said that public health work was important because it was in the interest of production, work and study and in the interest of transforming the weak physiques of the Chinese people and making them healthy. This is an important matter directly related to the physical condition of the people, the strength or weakness of the country and the continuation of the nation; it is also related to maintaining social material production and spiritual production. Therefore, it is only natural that health be an important aspect of spiritual civilization. Under the cruel exploitation and suppression of the ruling classes before liberation, many of the urban and rural areas in our country were dirty and disease-ridden, and the people's physiques were very weak; the nation was called by some foreigners the "sickman of Asia." Following the establishment of the PRC, and owing to the concern of the party and the government and the efforts made by various health departments and medical personnel, health and disease prevention networks were set up at various levels and patriotic public health

campaigns were carried out in depth. As a result, the health of our people has improved considerably, the average lifespan has increased, and the hygienic conditions in both rural and urban areas have been drastically improved. The great contributions of public health work in promoting the health of people across the country would have been unimaginable in the old China. But, at the same time, we must understand that it is a very arduous task to create a clean and hygienic environment and change the habits of paying no attention to health and courtesy. Therefore, it is necessary for us to carry out the "five stresses and four points of beauty" activities, carry out ideological education, and popularize knowledge about health and science so that people will be aware of the significance of paying attention to hygiene and of the serious hazards of not doing so. People must be mobilized to disseminate and persuade others to pay attention to hygiene--coupled with necessary and strict punishment measures--so that the good habit of "everyone is paying attention to hygiene, every household is clean and everyone is active in preventing pollution" will gradually become widespread, coupled with the building of a strong momentum of public opinion. The masses must be mobilized to clean all places, improve hygienic conditions in both rural and urban areas, and improve the hygienic environment in big and medium-sized cities.

In the past, we did not do much work to publicize the importance of planting trees for the health of the people, and the broad masses of people still do not have a necessary understanding of its importance. Enormous scientific research work and statistics on experiments have shown that forests and trees keep the air fresh, improve the climate, prevent blowing dust and lower noise pollution. Some trees, shrubs and flowers produce elements that kill bacteria and thus prevent some diseases. Other trees are helpful in detecting the extent of environmental pollution. Many areas of the world where people are living longer lives are characterized by mountains and rivers, and quiet and beautiful environments. To cover soil with green plants is not only in the interest of people's health, but also beautifies the environment; it is in the interest of the people that this work be done in a big way.

The campaign for planting trees and paying attention to public health is of great significance for the development of the national economy. When Lenin referred to industrial production, he said that it was necessary "to make labor conditions more healthy, to enable tens of millions of workers to work in hazard-free areas by eliminating smoke, dust and mud and to quickly transform the dirty and disgusting workshops into clean, bright and comfortable laboratories." ("Collected Works of Lenin," Vol 19, p 42) As we know, men are the most important and active factors in the productive force. To change the dirty and chaotic environment is in the interest of promoting people's physical conditions and of improving work, labor and study efficiency and is consequently in the interest of promoting the development of productive force. Furthermore, modernized mass production depends on equipment, instruments and meters and other advanced equipment with very high precision and sensitivity. In order to ensure smooth operation of this equipment and enable them to be used for the longest possible time, it is necessary to carry out civilized production. Paying attention to hygienic

conditions and keeping the environment clean and beautiful is an indispensable condition and important part of such production.

Planting trees is very important in developing the national economy, and this work must be particularly stressed at the present stage because it is not only important but also urgent. Developed forestry is a criterion for state wealth, national prosperity and social civilization. Forests are valuable resources for the national economy because they provide us with timber and various forestry sideline products, but what is more important is that forests have a very important role of maintaining natural ecological balance. They constitute a very important condition for ensuring high and stable yields in agriculture and animal husbandry. In fact, forests play many roles in this respect. For example, they retain water resources, weaken surface and underground currents, preserve soil and water, act as windbreaks and sandbreaks, reduce pollution and partially regulate the climate. Therefore, to plant trees and develop forestry is a basic aspect of farm capital construction, a strategic measure in transforming nature, and a great cause that will benefit present and future generations.

People's understanding of the role of forests gradually deepens with the development of society and science. In ancient times, people were only aware of forests from the angle of their direct interest, which meant that forests provided them with timber and various forestry sideline products. They understood very little or did not understand at all the indirect interest they could get from forests. Following the development of agriculture, animal husbandry and industry, people began to reclaim lands and herd their animals in a way that damaged forests and to fell trees excessively. In addition, forests have been damaged by wars, fires and pests. As a result, the acreage of forests has decreased and the supply of timber is decreasing, and at the same time there have appeared natural calamities such as floods, drought, winds, sand and environmental pollution. When Marx was referring to the influence of the activities of mankind on the natural environment, he said: "It is only men that leave their own imprint on nature. That is because they have not only changed the position of plants and animals but also changed the outlook and climate of the places where they are living." ("Collected Works of Marx," Vol 20, p 373) That is to say, on the one hand, mankind has made increasing achievements in understanding and transforming nature, but on the other hand, he has caused a series of environmental problems. Therefore, "we must in no way become intoxicated with our victories over nature. Nature has taken its revenge on us for each of our victories. There is no doubt that we achieve the anticipated results in the first step of each victory, but the situation is always quite different in the second and third steps. It is often the case that the initial results are offset by unexpected influences." ("Selected Works of Marx and Engels," Vol 3, p 517) Engels pointed out that in the mid-19th century, the Russians recklessly felled trees and caused serious consequences that "have impoverished the soil in many regions." ("Collected Works of Marx and Engels," Vol 22, p 457) In our country, the loess plateau along the middle reaches of the Huanghe River was originally covered with forests and grasslands; it was a zone with prosperous agriculture and animal husbandry and the cradle of the Chinese people. The forests were later seriously damaged, which

caused numerous calamities following big-scale construction undertaken by various rulers in history, damage during various wars and reckless logging of trees. In the contemporary era, the region has been subject to frequent natural calamities such as floods and droughts, and the river now contains more silt than any other river in the world. This problem is not just confined to the Huanghe River. We have made certain achievements in forestry construction over the past 3 decades and more since the founding of the PRC, but because of the very weak forestry foundation and the interference of the "leftist" guiding ideology, the situation of our forests is still lagging behind and they are far from meeting the needs of the development of the national economy as well as the people's livelihood. Our country is still one of the countries in the world with very low forest coverage. In addition, the distribution of our forests is not balanced, while many regions are characterized by serious ecological imbalance and soil erosion which have seriously affected the development of agriculture and animal husbandry. To make our country green and restore and develop forests is a very arduous and urgent strategic task of the whole nation. We must be clearly aware of this situation, take active measures and respond to the "Resolution on Unfolding an All-People Voluntary Tree-Planting Campaign" passed by the 4th Plenary Session of the 5th NPC and contribute to making our motherland green.

The tree-planting and hygiene campaign is a matter of changing habits and customs, and an important aspect of beautifying the environment and building spiritual civilization is that this will help promote the development of the political consciousness of the broad masses of people and form good social practices. These benefits can be said to be the basic spirit for our waging the tree-planting and hygiene campaign. Lenin once termed pernicious and infectious diseases and typhus as "bad consequences of Russians' uncivilizedness, poverty and ignorance." ("Collected Works of Lenin," Vol 30, p 198) He also pointed out that to eliminate these diseases and the louses that spread them "is our first measure for civilization." (ibid., Vol 30, p 160) Consequently, he personally signed the decision to allot fees for cleaning works in Moscow and meticulously inspected the nationwide activities of "hygienic environmental week" and advocated that "Moscow must set an example in cleanliness." (ibid., Vol 35, p 528) Planting trees and paying attention to hygiene is the common cause of hundreds of millions of people and such a campaign can draw the broadest masses of people to participate. This campaign cannot make achievements in a short time. Therefore, we must persist in tirelessly carrying out ideological education, hard work and management for years in succession. Comrade Hu Yaobang has pointed out that the campaign is closely related to the spiritual outlook of the entire Chinese people. To have done a good job in planting trees and paying attention to hygiene means to have demonstrated our organization and discipline, and this achievement represents our civilization, which arouses people's vigor.

The CCP Central Committee has highly valued the great political and economic significance of the tree-planting and hygiene campaign and considered the present national conditions and the ideological situation of the broad masses of people, and consequently it calls for doing a good job in cleaning, hygiene and tree planting to change the dirty environment as a breakthrough

in building socialist spiritual civilization. It is not an easy job to change the habits and customs of tens of millions of people and overcome the difficulties that have accumulated for many years, nor can this work be completed at a stroke. But the Chinese people have a good tradition of paying attention to hygiene and planting trees, we have the powerful leadership of the party and the superior socialist system, excellent national conditions and industrious people. Therefore, as long as the party and government organizations at all levels are able to step up their ideological and organizational leadership, make overall arrangements, and mobilize the masses and are persistent in carrying out their work in a down-to-earth way, a clean and beautiful environment covered in green is sure to emerge in our urban and rural areas.

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FALSE HISTORIOGRAPHY SERVING REGIONAL HEGEMONISM--COMMENTING ON SOME
FALLACIES IN THE HISTORIOGRAPHY OF VIETNAM

Beijing RED FLAG in Chinese No 7, 1 Apr 82 pp 44-48

[Article by Dai Kelai [2071 0668 0171] and Xu Yongzhang [6079 3057 3864]]

[Text] Ever since the unification of the northern and southern parts of Vietnam, the Le Duan clique has been frenziedly pushing regional hegemonism in a vain attempt to dominate Southeast Asia. It has published numerous volumes of so-called historical works which, meeting the needs of its policy of aggression, distort historical facts, confuse right and wrong, make malicious remarks by innuendo and even go to the extent of openly spreading slander. In Vietnam today, historiography has actually become an instrument used by the Vietnamese authorities to push regional hegemonism.

A Fabricated "Van-Lang State"

To put Vietnam in a higher historical position, some Vietnamese historians have put back the date of the ancient history of Vietnam to an even earlier period. They assert that the Vietnamese "established the Van-Lang Society with a unique Bronze Age culture 3,000 to 4,000 years ago and that the Vietnamese nation was obviously extraordinarily strong." (Nguyen Linh and others: "The Question of the Hung-Vuong Kings and Archaeology" carried in Vietnam's HISTORICAL RESEARCH, March 1968, No 108, p 23) They even say that in ancient Southeast Asia, "a representative culture stemmed from the ancestral home of the Vietnamese" and ancient Vietnam was "a unique center of Southeast Asian culture." (Dang Nghiem Van: "The Course of Formation and Development of the United Vietnamese Nation" carried in Vietnam's HISTORICAL RESEARCH, March-April 1978, No 179, p 10) They also boasted that ancient Vietnam "was an agricultural center of the world." (Pham Huy Thong: "Bronze Drum" carried in Vietnam's SPECIAL ISSUE ON BRONZE DRUM, Vol 1, p 10) In short, they seemed to say that everything Vietnamese was the "best" in Southeast Asia so that Vietnam should naturally be the overlord of the region.

Anyone with rudimentary historical knowledge knows that the authentic recorded history of Vietnam could not possibly be dated back to earlier than China's Qin dynasty. In 207 B.C., Zhao Tuo, a Qin official in charge of the border area, founded a local independent state of Nanyue with the city of

Guangzhou as its seat of government. He established Jiaozhi Prefecture in the northern part of today's Vietnam and Jiuzhen Prefecture in the northern part of today's central Vietnam. This was the first Vietnamese political power recorded in history. In the ancient history of Vietnam, the Nanyue State was considered an orthodox governmental state and named the Trieu (Zhao) dynasty, and Zhao Tuo was called the founding ruler of the state of Vietnam. (Le Van Huu, a scholar specializing in ancient Vietnamese history, said: "Emperor Vo of the Trieu dynasty opened up the land of Vietnam and founded his empire there.... He rendered immortal contributions to the founding of an empire in Vietnam!" ("Complete History of Great Vietnam: Supplement," Vol 2) He regarded Zhao Tuo as the founder of Vietnam. In his "Binh Ngo Imperial Mandate," Nguyen Trai said: "Ever since our country was founded by the Trieu, Dinh, Ly and Tran families...." He regarded the Trieu dynasty as the first political power of Vietnam. Neither of them mentioned the "Van-Lang State.")

Not only foreign scholars studying Vietnamese history but also Vietnamese historians doubt the existence of the "Van-Lang State." According to the ancient history of Vietnam, the "Van-Lang State" existed for 2,622 years from 2879 B.C. to 258 B.C., during which time 18 Hung-Vuong kings reigned. Vietnamese bourgeois historian Tran Trong Kim pointed out: "Each of the Hung-Vuong kings was on the throne for an average of about 150 years. Though they lived in ancient times, it was hardly possible that such a great number of people would live such a long life." (Tran Trong Kim: "General History of Vietnam," Vietnamese version, p 25) This remark alone showed that the existence of the "Van-Lang State" was unbelievable. French Sinologist Henri Maspero also doubted the "Van-Lang State." (H. Maspero: "Van-Lang State," carried in "Collected Papers of French Institute of Far East Ancient Studies," No 18) Dao Duy Anh and some other Vietnamese historians shared his doubts. Dao Duy Anh said: "The Van-Lang State can only be a fabrication." "We should not rigidly hold that the word 'quoc' (state), being the area ruled by Hung-Vuong kings, meant a state in the sense that it does today." (Dao Duy Anh: "King of An-Duong and the State of Au-Lac," Hanoi, 1975, Vietnamese version, pp 37, 35)

What was especially absurd was that for the purpose of proving the existence of the "Van-Lang State," some Vietnamese historians had the effrontery to say that the "An (Yin) bandits" whom the "Van-Lang State" fought against were troops sent by China's Yin dynasty to attack Vietnam. (Phan Huy Le and others: "Several Decisive Strategic Battles in the History of the Vietnamese Nation," Vietnamese version, p 10; see also "General History of Vietnam," p 26) We may well imagine: The Yin dynasty was located in the central plains of China. It was so far away from the "Van-Lang State" that there were no relations whatsoever between the two. What caused a war between them? Under the technical conditions at that time, how could the Yin troops cross the Changjiang River and the mountain ranges and invade the "Van-Lang State"? Who else besides the fabricators would believe in this "invasion"?

Some Vietnamese historians not only went all out to collect myths and legends to fabricate history, but also adopted a capricious, pragmatic

attitude toward archaeological finds. For example, they repeatedly said that the Dong-Son culture could "testify" to the existence of the "Van-Lang State." However, the report on the findings of the Dong-Son culture revealed that some copper coins of China's Han dynasty were among the relics unearthed at Dong-Son. This revelation was a far cry from their wishful thinking. Therefore, they arbitrarily repudiated the report under the pretext that "the method of unearthing the relics was not scientific." This resort to deception was indeed appalling!

"National Hero" of Aggression and Expansion

Some Vietnamese historians wildly exaggerated the "military achievements" of the Vietnamese feudal kings and generals in wars with foreign countries, extolling them to the skies and making them more perfect and taller figures than proletarian revolutionaries. An outstanding example is their extolling of Ly Thuong Kiet. They said: "In Vietnamese history, Ly Thuong Kiet proved himself a man of moral integrity and great ability.... Many people were astonished by his achievements in the war against China's Song dynasty." (Van Tan: "In Commemoration of the 900th Anniversary of the Victory of the Battle of Nhu Nguyet Giang: Ly Thuong Kiet and the Cause of Defending and Building the Country During the 11th Century," carried in Vietnam's HISTORICAL RESEARCH, March-April 1977, No 2, p 7) "He was a devoted patriot cherishing a strong desire for national independence. He was also an open-hearted statesman and able militarist." They described Ly Thuong Kiet's "war of resistance against foreign aggression" as "a great, earthshaking war of resistance with many unique characteristics in the Vietnamese history of national defense over the past 4,000 years." They even praised a poem by Ly Thuong Kiet as the "first declaration of independence of the Vietnamese nation." ("Several Decisive Strategic Battles in the History of the Vietnamese Nation")

Ly Thuong Kiet was prime minister during the reign of Emperor Nhan-Ton of the Ly dynasty in Vietnam. The Ly dynasty was a rather powerful period in Vietnamese history, whereas the contemporary Song dynasty in China was a period of weakness in Chinese history. The Song dynasty was engaged in internal struggles against the Liao and Jin local governments of minority nationalities in the north and against the Xia local government in the northwest. Being unable to handle affairs in the south, it adopted an "appeasement" policy toward the Vietnamese Ly dynasty in order to keep everything "peaceful." However, cherishing the ambitions of aggression and expansion, the Ly feudal rulers took advantage of the weakness of the Song dynasty to "match their strength with that of the Song dynasty" and "repeatedly dispatched invading troops to occupy territory." (Zhang Jingxin: "Resistance Against Vietnamese Aggression," Vol 2) Because Vietnam continually sent its troops to invade China and seize Chinese territory by piecemeal encroachment, the local officials of the Song dynasty were compelled to take measures against the Vietnamese invasion. At this juncture, seeing that the Song dynasty was facing many difficulties in carrying out the reform put forward by Wang Anshi, the Vietnamese rulers took the opportunity to launch a large-scale war of aggression against China under the pretext that local Chinese officials were strengthening border defenses.

Ly Thuong Kiet was supreme commander of this war of aggression. During the time from the end of the 8th year to the beginning of the 9th year of the Xining period of the reign of Emperor Shezong of the Song dynasty (1075-1076 A.D.), Emperor Nhan-Ton of the Vietnamese Ly dynasty dispatched a large army led by Ly Thuong Kiet to invade the border areas in China's Guangdong and Guangxi and occupy Qinzhou, Lianzhou and Yongzhou. The invading Vietnamese troops wantonly burned, killed and looted wherever they went. In Yongzhou alone, because a local official, Su Jian, led the people in a dogged resistance, the invading troops commanded by Ly Thuong Kiet perpetrated a massacre, killing "more than 58,000 residents." In Yongzhou, Qinzhou and Lianzhou, they "killed more than 100,000 people," "retreated but took with them captives from these three places" and caused great damage. ("Complete History of Great Vietnam: Biographies of Emperors," Vol 3; "Outlines of Vietnamese Comprehensive History," Vol 3; and "Continuation of 'Zi Zhi Chronological History of China,'" Vol 272) The invading army led by Ly Thuong Kiet openly interfered with our country's internal affairs by opposing the reform carried out by Wang Anshi. In every city or township which it had invaded, it put up notices stating that the reform would "afflict people with suffering, and our army has come to rescue the people." ("Outlines of Vietnamese Comprehensive History," Vol 3) These deeds of naked aggression against our country and interference in our country's internal affairs were historical facts of Ly Thuong Kiet's "punitive expedition to China during the Song dynasty." However, some Vietnamese historians portrayed Ly Thuong Kiet's invasion of our country as a preemptive strike of "active self-defense" and "a unique creation" by him. ("Several Decisive Strategic Battles in the History of the Vietnamese Nation") What absurd logic!

Owing to Ly Thuong Kiet's invasion, the Song dynasty was compelled to launch a counterattack and send Guo Kui and Zhao Xie to lead an expedition to Vietnam. Therefore, the Song dynasty's counterattack in self-defense was a just war. According to the historical records of China and Vietnam, when the Song army crossed the border and marched to Phu Lang Giang, which was 35 li from the capital, the Vietnamese army could not resist it and "Emperor Nhan-Ton of the Ly dynasty was so daunted that he approached the Song army and negotiated a surrender, in which he conceded the territories of To Mao Chau, Tu Lang Chau, Mon Chau, Lang Chau and Quang Nguyen Chau and returned the captives who had been taken from China." Consequently, "Guo Kui withdrew his troops." ("History of Song Dynasty: Biography of Emperor Shenzong"; "Continuation of 'Zi Zhi Chronological History of China,'" Vol 279; "Complete History of Great Vietnam: Biographies of Emperors," Vol 3) After suffering this defeat, the "Vietnamese lived in peace" and "did not make trouble again, so that it was quiet on China's southern borders for a century thereafter." ("Vietnam" in "General Study of Historical Documents," Vol 330)

Obviously, the Vietnamese feudal ruler at that time had overestimated his strength. He sent an army to invade China but eventually surrendered when the Vietnamese army was defeated by the Chinese army's counterattack. However, this battle was exaggerated by some Vietnamese historians as a "decisive strategic battle" of resistance against China's "invasion," and called

it "a battle of great victory at Nhu Nguyet Giang." Based on the single sentence "Ly Thuong Kiet put up defensive works along the river" carried in volume three of "Complete History of Great Vietnam," they set up for Ly Thuong Kiet, who lived during the 11th century, a rather modernized "defense line at Nhu Nguyet Giang" and drew a "sketch of the situation of the Nhu Nguyet Giang counterattack." They also described the troop dispositions and movements, the rear services, the joint operations of military and naval units, and the leadership given by the supreme command, and summarized Ly Thuong Kiet's "strategic thinking," and so forth. ("Several Decisive Strategic Battles in the History of the Vietnamese Nation") They displayed nothing but a sandtable illustrating the military operations of the National Defense Ministry of the Le Duan clique against China. What sort of "historical works" these were!

Ly Thuong Kiet, who was an aggressor, was disguised by some Vietnamese historians as a "national hero." Was this not an attempt to call up the soul of a deceased person to serve the Vietnamese authorities' policy of aggression and expansion?

True Features of the Theory That "Vietnam Does Not Have a History of Aggression"

Some Vietnamese historians said nothing about the aggression and expansion of the Vietnamese feudal rulers against neighboring countries. They tried in every possible way to defend and exonerate the feudal rulers and describe Vietnam's aggression against Kampuchea and Laos as "special friendship." According to them, Vietnam was invaded and had never been an invader. This was an out-and-out alteration of history.

An important characteristic of the feudal Vietnamese society was that remnants of serfdom prevailed. Slave labor was widely employed on the large farms owned by bureaucrats and aristocrats. The seizing of slaves was a dominant motive of the Vietnamese feudal aristocrats in going in for aggression and expansion against another country. (Hisanori Wada: "Ancient History of Southeast Asia," chapter 2, section 1) In the past, they not only caused trouble to Chiem-Thanh and other neighboring states but also often intruded into Chinese border areas to kidnap local residents, whom they sold as slaves. ("Major Events During the Song Dynasty: Barbarians"; and "General Study of Historical Documents," Vol 330) Territorial expansion was another motive of the Vietnamese feudal rulers in invading other countries. When the feudal state of Vietnam was founded in the 10th century, its territories included only the middle and lower reaches of the Hong Ha River and the northern part of today's central Vietnam and was equal to one-quarter of today's Vietnamese territories. The other territories were acquired later by encroaching on neighboring countries.

Chiem-Thanh was the state which bore the brunt of the southward aggression and expansion of the Vietnamese feudal rulers. Also called Champa, it was a civilized ancient state different from Vietnam as a nation and in its history and culture. It was founded in the 2d century, much earlier than Vietnam. Its territories lay approximately in the central part of today's

Vietnam. All its territories were gradually annexed by Vietnam through continuous wars of aggression during the period from the middle of the 10th century to the end of the 17th century. The Chiem-Thanh people were culturally developed and ardently loved freedom. After losing their country, some of them preferred to go to remote mountain areas to live with the primitive tribes there than suffer the brutal rule and oppression of the Vietnamese. With regard to the Vietnamese feudal rulers' annexation of Chiem-Thanh, some Vietnamese historians called it a "southward advance." They also described the wiping out of the Chiem-Thanh nation as "taking in a neighboring nation which had a greater enterprising spirit." (Dao Duy Anh: "Vietnamese Territories in Past Ages," Vietnamese version, p 182) They sang the same tune as the old colonialists and imperialists!

Laos is Vietnam's neighbor on the west. In ancient times, it was called Ai-Lao by the Vietnamese. There were many small states and tribes in the territories of Laos before the 14th century. They were the objects of Vietnamese expansion. According to the "Complete History of Great Vietnam," during the 3 centuries and more from the Ly dynasty to the Tran dynasty, Vietnam launched 13 wars on a considerably large scale against Laos. In August 1479, Vietnam dispatched 180,000 troops to invade Laos, capturing and looting its capital Luang Prabang. In December of the same year, it again amassed troops to attack Ban-Man (which is now the Xieng Khouang area in Laos). Cam Cong, chief of Ban-Man, was killed in battle. The Vietnamese aggressor troops destroyed the city of Xieng Khouang by burning it and massacred its residents, causing a famine in the area. "At first, there were 90,000 households in Ban-Man. They were starved. Only some 2,000 households survived." ("History of the Le Dynasty" in "Complete History of Great Vietnam")

At the end of the 17th century, with Vietnam eventually subjugating Chiem-Thanh, Trinh-Lap (Kampuchea) became its neighbor to the south. "Trinh-Lap was Chiem-Thanh's neighbor to the south." (Zhao Rushi: "Laws of the State of Zhenla (Trinh-Lap)" carried in "History of Vassal States," Vol 1) That is to say, the southern part of Vietnam today was Kampuchean territory. During the "period of the Nguyen princes" preceding the Vietnamese Nguyen dynasty, the Nguyen feudal ruling clique gradually nibbled on Kampuchea and by the second half of the 18th century had already annexed half of the Kampuchean territories. After its establishment in 1802, the Nguyen dynasty turned the remaining part of Kampuchea into a "protectorate" under Vietnamese military occupation.

While committing aggression against Kampuchea, the Nguyen dynasty continued its expansion in Laos. It dispatched an army to Laos in 1827 and annexed two-thirds of the Lao territories in more than a year's time, thereby extending Vietnam's western boundaries to across the Truong Son Mountains and further to the Mekong River, with Siam on the other side of the river.

Anti-Chinese Slander Aimed at Altering History

The Le Duan clique regards socialist China as its biggest obstacle in pushing its regional hegemony. Therefore, some Vietnamese historians, using the

past to satirize the present, attack China by every possible means and create anti-Chinese public opinion. Ignoring the facts, they deny that the friendly exchanges between the Chinese and Vietnamese peoples were the mainstream in the history of Sino-Vietnamese relations. They exaggerate the contradiction between the Chinese and Vietnamese nations to be the principal contradiction in Vietnamese history. They hold that the contradiction and struggle between the Chinese feudal dynasties on one side and the Vietnamese ruling classes and people on the other side were the main aspects of Vietnamese history. They say that Vietnamese history is a history of continuous struggle against China. With utter absurdity, they regard opposition to China as the most essential motive force in the development of Vietnamese history.

Contradictions and struggles often occurred between slaves and their owners and between peasants and feudal landlords in Vietnam. According to preliminary statistics, peasants revolted on more than 300 occasions during the period of the feudal society in Vietnam. It was precisely the struggle for production and class struggle waged by the peasants that promoted the development of the Vietnamese feudal society and formed the main content of Vietnamese history. However, owing to their eagerness to oppose China, some Vietnamese historians have even ignored this rudimentary historical knowledge.

Taking the development of the history of Sino-Vietnamese relations as a whole, it was undoubtedly the working people, and not the feudal rulers, of China and Vietnam who played the decisive role. In ancient times, China's advanced production skills and cultural knowledge including the Han written language were brought to Vietnam and played a positive role in developing the productive forces in Vietnamese society, wiping out the surviving elements of the primitive society and pushing the feudal society forward. On the other hand, some farm products and fruits such as sweet potato, longan and litchi were brought from Vietnam to China, enriching the lives of the Chinese people. As a result of their long-term contacts, the Chinese and Vietnamese people have some common habits and customs. For example, they observe the same traditional festivals, such as the Spring Festival, the Tomb Festival, the Dragon Boat Festival and the Moon Festival. What especially cannot be forgotten is that the Chinese and Vietnamese people voiced support for each other in their struggles against feudal oppression. During the past century in particular, they sympathized with and supported each other in their common struggle against colonialism and imperialism. In the hard years during the Vietnamese wars against France and the United States, the entire Chinese people gave strong backing to the Vietnamese people, the vast Chinese territories became the reliable rear base of the Vietnamese people, the Chinese people aided the Vietnamese people in many ways, and the struggle of the Vietnamese people also aided the Chinese people. The revolutionary friendship of the Chinese and Vietnamese people was indeed cemented with blood.

With regard to the wars launched by the Chinese feudal rulers against foreign countries, it must be admitted that since ancient times, China has been a united, multinational country with a large population and vast

territories. Contradictions between nationalities and classes were very acute and complicated. The peasant uprisings and peasant wars in feudal Chinese society had few parallels in frequency and scale in world history. The resistance put up and struggles launched by the people of various nationalities tied the feudal rulers' hands, preventing them from engaging in foreign aggression and expansion. This was also true of China's relations with Vietnam in ancient times.

In the long history of contacts between China and Vietnam, real wars between the two countries were very short in duration and occurred only occasionally. Compared with the historical mainstream of friendly contacts between the Chinese and Vietnamese peoples, they were just like a few small tributaries. For almost all the time, the Chinese and Vietnamese people maintained friendly contacts and got along well with each other.

We respect historical facts. We do not deny that some Chinese feudal rulers launched wars of aggression against Vietnam; neither do we defend them. Historical research should not be separated from concrete historical conditions. The Chinese people at that time were powerless because they were oppressed by feudal rulers. The Chinese feudal rulers launched wars of aggression against Vietnam and drove large groups of soldiers and workmen to "brave the heat of the sun and the attack of miasma" and to die for them. Fundamentally, this ran counter to the wishes and interests of the Chinese people. The Chinese people were against it. Therefore, the Chinese people at that time should not be held responsible for this; nor should the Chinese people today be required to take historical responsibility for what the feudal rulers did. Similarly, the Vietnamese people should not be held responsible for the foreign aggression and expansion launched by the Vietnamese feudal rulers in the past. However, some Vietnamese historians do not like this. They try to seize on the launching of wars against Vietnam by Chinese feudal rulers and make an issue of it. They want the Chinese people today to pay the debts of the past feudal rulers. In this way, they can create a historical basis for the Vietnamese authorities' policy of opposing and hating China.

From the several points mentioned above, we can see that with the Le Duan clique embarking on the road of political degeneration, historiography in Vietnam today has degenerated into false historiography serving regional hegemonism.

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IT IS NECESSARY TO PAY SIMULTANEOUS ATTENTION TO PLANTING AND PROTECTING TREES

Beijing RED FLAG in Chinese No 7, 1 Apr 82 inside back cover

[Article by Li Mingfu [2621 2494 4395]]

[Text] "The Resolution on Unfolding an All-People Voluntary Tree-Planting Movement" adopted by the 4th Session of the 5th NPC points out: "Planting trees everywhere in the country is a great cause for building socialism and for benefiting future generations, and is a major strategic measure for regulating mountains and rivers and protecting and improving the ecologic environment." In recent years, the broad masses of cadres and people have realized, to a certain extent, the significance of planting trees and carrying out afforestation. Every year a great deal of manpower and financial resources are spent on this task. The current problem lies in the fact that a large number of trees have been planted, but only a small number of them survive. As the masses summed up, no trees can be seen after planting trees and no forests can be formed although afforestation has been carried out. Luannan County in Tangshan Prefecture, where a good job of planting trees was done, is an example. There, 2.68 million trees were planted in 1977, 1.34 million of which survived, giving a survival rate of 50 percent; 1.5 million trees were planted in 1978, 820,000 of which survived, giving a survival rate of 54.7 percent; 1.82 million trees were planted in 1979, 690,000 of which survived, giving a survival rate of 37.9 percent; 2.34 million trees were planted in 1980, 710,000 of which survived, giving a survival rate of 30.3 percent; 1.66 million trees were planted in 1981, 659,000 of which survived, giving a survival rate of 39.7 percent. A total number of 10 million trees have been planted in the last 5 years in this county, 4.219 million of which have survived, giving a survival rate of 42.2 percent. Besides the low survival rate, the conservation rate and the rate of growth into useful timber were even lower. This mainly resulted from the tendency of laying stress on planting trees but neglecting tree protection. The neglect to tend trees can be found in the following three aspects:
1) Owing to the view of putting completion of assignments above everything else, some localities are only concerned about the number of trees planted and disregard the survival of these trees. 2) Perfected measures are not taken to protect trees. The seedlings are eaten by pigs and goats, but no one assumes responsibility. 3) The responsibility system in forestry production has not been established in many localities and the forestry

policies have not been put into effect. The initiative of the masses in planting trees has not been aroused. Unless the above problems are solved, forestry production can never be rapidly developed.

Practice in many localities shows that, as in developing agricultural production, success in planting trees and conducting afforestation must rely on implementing correct policies and making use of science. In order to do a good job of planting trees and carrying out afforestation, to effectively raise the rates of survival, conservation and timber formation and to realize the goal of making the land of our country green, we should, first of all, take further steps to implement the forestry policies that trees planted by the state are owned by the state, those planted by communes or production teams are owned respectively by them, and those planted in common are owned in common. The trees planted by commune members around their houses or at places designated by production teams should always be owned by individual members. Wherever the policies of fixing farm output quotas for each household and assigning the households full responsibility for task completion are implemented, those scattered trees and forest belts near farm fields formerly owned by collectives can all be contracted to households or individuals. No matter what kind of production responsibility system is adopted, the ownership of trees cannot be changed, tree farms and seedling nurseries owned by communes or production teams cannot be broken up or weakened.

Second, various forms of the responsibility system in forestry production should be conscientiously implemented. Attention should be paid to local special conditions and the responsibility system should take a form that most of the masses are willing to accept. It is necessary to contract out the existing forests owned by collectives, particularly forests stretching over a wide area and backbone forests, to full-time personnel specially assigned to protect trees. Small areas of scattered trees and forests can be contracted out by fixing a price for households or individuals. Measures can be taken to preserve the value of forests, to fairly dividing benefits in proportion to the increase in value. In the future, trees can be planted in a unified plan, afforestation work can be divided and assigned to each household. While leaving the ownership of forests with production teams, responsibility for forest management should be assigned to individuals, with profits shared by the production team and the individual. It is imperative to lay emphasis on the quality of planting trees. Survival should be actually guaranteed as a part of the assignments for planting trees.

Third, perfected organizations should be established and scientific measures should be taken for protecting forests and planting trees. The past experience and lessons whereby a large number of trees were planted, but only a small number survived, and an even smaller number grew into forests with useful timber, should be conscientiously summed up. Great efforts should be made to carry out afforestation scientifically and to take good care of forests. In particular, we should do a good job in selecting tree strains suited to the land, nursing good and strong seedlings, preparing the soil with sufficient base of fertilizer, planting trees carefully and in rational density, and tending and protecting trees for a long time. Organizations for

tending forests should be established and perfected in places where such organizations do not exist. Systems of rewards and penalties should be laid down on a feasible basis, so as to fully arouse the initiative of the personnel in charge of tending and protecting forests and to actually guarantee the survival and growth of trees. At the same time, rewards should be granted to people who plant a large number of trees with high rates of survival, conservation and timber-formation.

Fourth, in the future, while counting numbers of trees planted, the departments concerned should pay more attention to counting the number of trees that survive. Assignments in tree planting and methods of rewards and penalties should take the number that survive as the standard.

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END